

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

***GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2000***

JULIE MOHR, TREASURER



STATE OF OHIO
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Board of Education
Vantage Career Center
818 North Franklin St.
Van Wert, OH 45891

We have reviewed the independent auditor's report of the Vantage Career Center, Van Wert County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 31, 2000

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

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Independent Auditor's Report

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

We have audited the accompanying general purpose financial statements of the Vantage Career Center, Van Wert County, (the "Career Center") as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vantage Career Center, Van Wert County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2000, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Trimble, Julian & Grube, Inc.
November 22, 2000

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

| | Governmental Fund Types | | | Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | Total (Memorandum Only) | | |
|--|-------------------------|-----------------|------------------|-----------------------|----------------------|----------------|------------------|-------------------------|--------------|-----------------------|
| | General | Special Revenue | Capital Projects | | | Enterprise | Trust and Agency | | General | Long-Term Obligations |
| | | | | | | | | | Fixed Assets | |
| <u>ASSETS AND OTHER DEBITS</u> | | | | | | | | | | |
| ASSETS: | | | | | | | | | | |
| Equity in pooled cash and cash equivalents. | \$815,902 | \$87,510 | \$234,148 | \$128,899 | \$61,782 | | | \$1,328,241 | | |
| Receivables (net of allowances of uncollectibles): | | | | | | | | | | |
| Property taxes - current and delinquent | 1,961,744 | | 446,461 | | | | | 2,408,205 | | |
| Accounts | 1,214 | 3,977 | | 7,711 | | | | 12,902 | | |
| Accrued interest | 4,947 | | | | | | | 4,947 | | |
| Due from other governments | | 59,901 | | 1,824 | | | | 61,725 | | |
| Prepayments. | 7,640 | 513 | | 6 | | | | 8,159 | | |
| Materials and supplies in inventory | | | | 101,826 | | | | 101,826 | | |
| Restricted assets: | | | | | | | | | | |
| Equity in pooled cash and cash equivalents | 91,360 | | | | | | | 91,360 | | |
| Property, plant and equipment (net of accumulated depreciation where applicable) | | | | 19,984 | | \$6,621,176 | | 6,641,160 | | |
| OTHER DEBITS: | | | | | | | | | | |
| Amount to be provided for retirement of General Long-Term Obligations | | | | | | | \$304,894 | 304,894 | | |
| Total assets and other debits | \$2,882,807 | \$151,901 | \$680,609 | \$260,250 | \$61,782 | \$6,621,176 | \$304,894 | \$10,963,419 | | |

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

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

| | Governmental Fund Types | | | Proprietary Fund Type | Fiduciary Fund Types | Account Groups | | | Total (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|--------------------------|-------------------------|----------------------------|--------------------------|-------|-------------------------------|
| | General | Special Revenue | Capital Projects | | | General Fixed Assets | Long-Term Obligations | Total | |
| | | | Enterprise | | | | | | |
| LIABILITIES, EQUITY AND OTHER CREDITS | | | | | | | | | |
| LIABILITIES: | | | | | | | | | |
| Accounts payable | \$10,422 | \$6,502 | \$7,600 | \$5,437 | | | | | \$29,961 |
| Accrued wages and benefits | 444,434 | 18,954 | 11 | 9,931 | | | | | 473,330 |
| Compensated absences payable | 49,405 | 720 | | 13,519 | | | \$304,894 | | 368,538 |
| Pension obligation payable | 36,555 | 1,927 | 24 | 5,013 | | | | | 43,519 |
| Deferred revenue | 1,884,955 | | 426,133 | 1,499 | | | | | 2,312,587 |
| Due to students | | | | | \$25,317 | | | | 25,317 |
| Total liabilities | 2,425,771 | 28,103 | 433,768 | 35,399 | 25,317 | - | 304,894 | | 3,253,252 |
| EQUITY AND OTHER CREDITS: | | | | | | | | | |
| Investment in general fixed assets | | | | | | \$6,621,176 | | | 6,621,176 |
| Contributed capital | | | | | | 15,737 | | | 15,737 |
| Retained earnings: unreserved | | | | | | 209,114 | | | 209,114 |
| Fund balances: | | | | | | | | | |
| Reserved for encumbrances | 53,010 | 10,839 | 30,553 | | | | | | 94,402 |
| Reserved for prepayments | 7,640 | 513 | | | | | | | 8,153 |
| Reserved for tax revenue unavailable for appropriation | 78,547 | | 20,328 | | | | | | 98,875 |
| Reserved for budget stabilization | 91,360 | | | | | | | | 91,360 |
| Unreserved-undesignated | 226,479 | 112,446 | 195,960 | | 36,465 | | | | 571,350 |
| Total equity and other credits | 457,036 | 123,798 | 246,841 | 224,851 | 36,465 | 6,621,176 | - | | 7,710,167 |
| Total liabilities, equity and other credits | \$2,882,807 | \$151,901 | \$680,609 | \$260,250 | \$61,782 | \$6,621,176 | \$304,894 | | \$10,963,419 |

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

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

| | Governmental Fund Types | | | Fiduciary Fund Type | Total (Memorandum Only) |
|---|-------------------------|--------------------|---------------------|------------------------|-------------------------------|
| | General | Special Revenue | Capital Projects | Expendable Trust | |
| Revenues: | | | | | |
| From local sources: | | | | | |
| Taxes | \$1,775,034 | | \$461,431 | | \$2,236,465 |
| Tuition | 145,838 | | | | 145,838 |
| Earnings on investments | 72,325 | | | | 72,325 |
| Other local revenues | 12,136 | \$40,395 | | \$68,552 | 121,083 |
| Intergovernmental - State | 2,705,783 | 204,278 | 64,469 | | 2,974,530 |
| Intergovernmental - Federal | | 184,291 | | | 184,291 |
| Total revenues | 4,711,116 | 428,964 | 525,900 | 68,552 | 5,734,532 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 443,375 | | | | 443,375 |
| Vocational | 2,540,660 | 98,036 | 40,566 | | 2,679,262 |
| Other | | 73,893 | | | 73,893 |
| Support services: | | | | | |
| Pupil | 162,602 | 102,821 | | | 265,423 |
| Instructional staff | 371,902 | 109,985 | 23,223 | | 505,110 |
| Board of Education | 57,169 | | 330,246 | | 387,415 |
| Administration | 317,020 | 28,087 | | | 345,107 |
| Fiscal | 151,972 | | 13,592 | | 165,564 |
| Operations and maintenance | 467,944 | | | 74,748 | 542,692 |
| Central | 2,606 | 44,940 | | | 47,546 |
| Community services | | | 7,481 | 432 | 7,913 |
| Extracurricular activities | 822 | | | | 822 |
| Facilities acquisition and construction | | | 254,961 | | 254,961 |
| Total expenditures | 4,516,072 | 457,762 | 670,069 | 75,180 | 5,719,083 |
| Excess (deficiency) of revenues over (under) expenditures | 195,044 | (28,798) | (144,169) | (6,628) | 15,449 |
| Other financing sources: | | | | | |
| Proceeds from sale of assets | 31,004 | | | | 31,004 |
| Total other financing sources | 31,004 | - | - | - | 31,004 |
| Excess (deficiency) of revenues and other financing sources over/(under) expenditures | 226,048 | (28,798) | (144,169) | (6,628) | 46,453 |
| Fund balance, July 1, 1999 | 230,988 | 152,596 | 391,010 | 43,093 | 817,687 |
| Fund balance, June 30, 2000 | \$457,036 | \$123,798 | \$246,841 | \$36,465 | \$864,140 |

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

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

| | General | | | Special Revenue | | | Capital Projects | | | Total (Memorandum only) | | |
|---|-------------------|-------------|---|-------------------|----------|---|-------------------|-----------|---|-------------------------|-------------|---|
| | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) | Revised Budget | Actual | Variance: Favorable (Unfavorable) |
| | | | | | | | | | | | | |
| Revenues: | | | | | | | | | | | | |
| From local sources: | | | | | | | | | | | | |
| Taxes..... | \$1,800,000 | \$1,765,659 | (\$36,341) | | | | \$461,000 | \$458,615 | (\$2,385) | \$2,261,000 | \$2,222,274 | (\$38,726) |
| Tuition..... | 147,000 | 145,528 | (1,472) | | | | | | | 147,000 | 145,528 | (1,472) |
| Earnings on investments..... | 52,000 | 53,603 | 1,603 | | | | | | | 52,000 | 53,603 | 1,603 |
| Other local revenues..... | 11,200 | 11,043 | (157) | | | | | | | 109,925 | 107,461 | (2,464) |
| Intergovernmental - State..... | 2,766,000 | 2,747,575 | (18,425) | \$98,725 | \$96,418 | (\$2,307) | 78,150 | 22,677 | (\$5,473) | 2,939,214 | 2,865,441 | (73,773) |
| Intergovernmental - Federal..... | 20,000 | 0 | (20,000) | 95,064 | 95,189 | 125 | | | | 274,316 | 191,319 | (82,997) |
| Total revenues..... | 4,796,200 | 4,721,408 | (74,792) | 448,105 | 382,926 | (65,179) | 539,150 | 481,292 | (57,858) | 5,783,455 | 5,585,626 | (197,829) |
| Expenditures: | | | | | | | | | | | | |
| Current: | | | | | | | | | | | | |
| Instruction: | | | | | | | | | | | | |
| Regular..... | 463,376 | 458,059 | 5,317 | | | | | | | 463,376 | 458,059 | 5,317 |
| Vocational..... | 2,563,314 | 2,533,902 | 29,412 | 105,902 | 107,690 | (1,788) | 41,952 | 40,531 | 1,421 | 2,711,168 | 2,682,123 | 29,045 |
| Other..... | | | | 73,839 | 75,085 | (1,246) | | | | 73,839 | 75,085 | (1,246) |
| Support services: | | | | | | | | | | | | |
| Pupil..... | 175,284 | 173,273 | 2,011 | 97,394 | 99,038 | (1,644) | | | | 272,678 | 272,311 | 367 |
| Instructional staff..... | 382,450 | 378,062 | 4,388 | 117,342 | 119,323 | (1,981) | 24,036 | 23,222 | 814 | 523,828 | 520,607 | 3,221 |
| Board of Education..... | 56,787 | 56,135 | 652 | | | | 392,999 | 379,689 | 13,310 | 449,786 | 435,824 | 13,962 |
| Administration..... | 325,451 | 321,717 | 3,734 | 26,953 | 27,408 | (455) | | | | 352,404 | 349,125 | 3,279 |
| Fiscal..... | 168,438 | 166,505 | 1,933 | | | | 14,069 | 13,593 | 476 | 182,507 | 180,098 | 2,409 |
| Operations and maintenance..... | 524,737 | 518,716 | 6,021 | 44,309 | 45,057 | (748) | | | | 524,737 | 518,716 | 6,021 |
| Central..... | 15,253 | 15,078 | 175 | | | | | | | 59,562 | 60,135 | (573) |
| Extracurricular activities..... | 834 | 824 | 10 | | | | | | | 834 | 824 | 10 |
| Facilities services..... | | | | 278,519 | 269,086 | 9,433 | | | | 278,519 | 269,086 | 9,433 |
| Total expenditures..... | 4,675,924 | 4,622,271 | 53,653 | 465,739 | 473,601 | (7,862) | 751,575 | 736,121 | 25,454 | 5,893,238 | 5,821,993 | 71,245 |
| Excess (deficiency) of revenues over (under) expenditures..... | 120,276 | 99,137 | (21,139) | (17,634) | (90,675) | (73,041) | (212,425) | (244,829) | (32,404) | (109,783) | (236,367) | (126,584) |
| Other financing sources (uses): | | | | | | | | | | | | |
| Refund of prior year's expenditures..... | 1,100 | 1,086 | (14) | | | | | | | 1,100 | 1,086 | (14) |
| Operating transfers in..... | 139,893 | 139,893 | 0 | | | | | | | 139,893 | 139,893 | 0 |
| Operating transfers (out)..... | (139,893) | (139,893) | 0 | | | | | | | (139,893) | (139,893) | 0 |
| Advances in..... | 199 | 199 | 0 | | | | | | | 199 | 199 | 0 |
| Proceeds of sale of fixed assets..... | 32,000 | 31,004 | (996) | | | | | | | 32,000 | 31,004 | (996) |
| Pass-through..... | (36,550) | 0 | 36,550 | | | | | | | (36,550) | 0 | 36,550 |
| Total other financing sources (uses)..... | (3,251) | 32,289 | 35,540 | - | - | - | - | - | - | (3,251) | 32,289 | 35,540 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)..... | 117,025 | 131,426 | 14,401 | (17,634) | (90,675) | (73,041) | (212,425) | (244,829) | (32,404) | (113,034) | (204,078) | (91,044) |
| Fund balances, July 1, 1999..... | 661,015 | 661,015 | 0 | 147,551 | 147,551 | 0 | 265,654 | 265,654 | 0 | 1,074,220 | 1,074,220 | 0 |
| Prior year encumbrances appropriated..... | 78,117 | 78,117 | 0 | 13,294 | 13,294 | 0 | 133,378 | 133,378 | 0 | 224,789 | 224,789 | 0 |
| Fund balances, June 30, 2000..... | \$856,157 | \$870,558 | \$14,401 | \$143,211 | \$70,170 | (\$73,041) | \$186,607 | \$154,203 | (\$32,404) | \$1,185,975 | \$1,094,931 | (\$91,044) |

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

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Operating revenues: | |
| Tuition and fees. | \$272,486 |
| Sales/charges for services. | 89,129 |
| Other operating revenues | 102,779 |
| Total operating revenues. | 464,394 |
| Operating expenses: | |
| Personal services | 438,919 |
| Contract services | 83,746 |
| Materials and supplies. | 265,375 |
| Depreciation. | 1,761 |
| Other. | 1,550 |
| Total operating expenses | 791,351 |
| Operating loss. | (326,957) |
| Nonoperating revenues: | |
| Operating grants | 303,946 |
| Federal commodities | 8,489 |
| Interest revenue. | 2,838 |
| Total nonoperating revenues | 315,273 |
| Net loss. | (11,684) |
| Retained earnings July 1, 1999 | 220,798 |
| Retained earnings June 30, 2000 | \$209,114 |

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

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

| | Proprietary Fund Type |
|---|--------------------------|
| | Enterprise |
| Cash flows from operating activities: | |
| Cash received from tuition and fees | \$284,248 |
| Cash received from sales/service charges | 88,688 |
| Cash received from other operations | 102,032 |
| Cash payments for personal services | (460,655) |
| Cash payments for contract services | (189,425) |
| Cash payments for materials and supplies | (151,766) |
| Cash payments for other expenses | (1,550) |
| | (328,428) |
| Net cash used in operating activities | |
| Cash flows from noncapital financing activities: | |
| Cash received from operating grants | 311,285 |
| | 311,285 |
| Net cash provided by noncapital financing activities | |
| Cash flows from capital and related financing activities: | |
| Acquisition of capital assets | (1,407) |
| | (1,407) |
| Net cash used in capital and related financing activities | |
| Cash flows from investing activities: | |
| Interest received. | 2,838 |
| | 2,838 |
| Net cash provided by investing activities | |
| Net decrease in cash and cash equivalents. | (15,712) |
| Cash and cash equivalents at beginning of year | 144,611 |
| Cash and cash equivalents at end of year. | \$128,899 |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss. | (\$326,957) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation | 1,761 |
| Federal donated commodities | 8,489 |
| Changes in assets and liabilities: | |
| Decrease in materials and supplies inventory | 2,617 |
| Decrease in accounts receivable | 10,574 |
| Increase in prepayments | (6) |
| Decrease in accounts payable | (2,744) |
| Decrease in accrued wages and benefits | (2,166) |
| Decrease in compensated absences payable. | (16,143) |
| Decrease in pension obligation payable | (3,421) |
| Decrease in deferred revenue | (432) |
| | (432) |
| Net cash used in operating activities | (\$328,428) |

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL

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

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades, and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 26 non-certificated employees and 66 certificated full-time teaching personnel, who provide services to 458 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center's significant accounting policies are described below.

A. Reporting Entity

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

Jointly Governed Organization:

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

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

The Career Center also participates in two group purchasing pools for insurance, described in Note 9.

B. Fund Accounting

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

For financial statement presentation purposes, the various funds of the Career Center are grouped into the following generic fund types under the broad fund categories Governmental, Proprietary, and Fiduciary.

GOVERNMENTAL FUNDS

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

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

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

ACCOUNT GROUPS

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

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

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

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

C. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the Career Center is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the Career Center prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The Career Center is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

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

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

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 is as follows:

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Van Wert County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center's Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000 .
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of control. All supplemental appropriations were legally enacted by the Board during fiscal 2000 in the following amounts:

| | <u>Increase/(Decrease)</u> |
|------------------------|----------------------------|
| General fund | \$ (34,643) |
| Special revenue funds | 14,564 |
| Capital projects funds | 170,797 |
| Enterprise funds | <u>11,797</u> |
| Total | <u>\$ 162,515</u> |

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

Encumbrance accounting is utilized with Career Center funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 13 provides a reconciliation of the budgetary basis and GAAP basis of accounting. Encumbrances for the enterprise funds are disclosed in Note 10 to the financial statements.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

E. Cash and Investments

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

During 2000, investments were limited to certificates of deposit, which are reported at cost.

Under existing Ohio statutes, all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal 2000 totaled \$72,325, which included \$30,150 assigned from other funds of the Career Center.

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

F. Inventory

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

G. Prepayments

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

H. Fixed Assets and Depreciation

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

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

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

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

I. Contributed Capital

Contributed capital reported in the Enterprise funds represents resources from other funds, other governments, or private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital did not change during fiscal year 2000.

J. Compensated Absences

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

**VANTAGE CAREER CENTER
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

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

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

K. Intergovernmental Revenues

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

The Career Center currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Capital Projects Fund

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant
Education Management Information Systems
State Criminal Justice Grant
Job Training Partnership Act
SchoolNet Professional Development
Tech Prep
Economic Education

Reimbursable Grants

General Fund

Vocational Education

Proprietary Funds

National School Breakfast Program
National School Lunch Program
Food Distribution
Adult Education

Non-Reimbursable Grants - (cont'd)

Special Revenue Funds - (cont'd)

Title VI
Innovative Education Program Systems
Career Development
Consumer Education

Grant and entitlements amounted to over 51% of the Career Center's operating revenue during the 2000 fiscal year.

L. Long-Term Obligations

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

M. Fund Equity

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

N. Statement of Cash Flows

The Career Center's financial statements have been prepared in accordance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The Career Center has presented a statement of cash flows for its enterprise funds. For purposes of the statement of cash flows, the Career Center considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

O. Statutory Reserves

The Career Center is required by State law to set-aside certain (cash-basis) general fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

| | <u>Instructional Materials</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> |
|---|------------------------------------|--------------------------------|---------------------------------|
| Set-aside cash balance as of July 1, 1999 | \$ 0 | \$ 0 | \$54,909 |
| Current year set-aside requirement | 109,352 | 109,352 | 36,451 |
| Current year offsets | 0 | (458,615) | 0 |
| Qualifying disbursements | <u>(209,380)</u> | <u>0</u> | <u>0</u> |
| Total, June 30, 2000 | <u>(100,028)</u> | <u>(349,263)</u> | <u>91,360</u> |
| Balance carried forward to FY 2001 | <u>\$ 100,028</u> | <u>\$ 349,263</u> | <u>\$91,360</u> |

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

The Career Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements of future years.

A schedule of the restricted assets at June 30, 2000, follows:

| | |
|--|----------|
| Amount restricted for budget stabilization | \$91,360 |
|--|----------|

P. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. A fund balance reserve has also been established. See Note 2. O. for statutory reserves.

Q. Estimates

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

R. Financial Reporting for Proprietary and Similar Fund Types

The Career Center's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The Career Center accounts for its proprietary activities and nonexpendable trust fund in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**VANTAGE CAREER CENTER
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

S. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Deficit Fund Balances

Fund balances at June 30, 2000 included the following individual fund deficit:

| | <u>Deficit Balance</u> |
|-----------------------------|------------------------|
| <u>Special Revenue Fund</u> | |
| Career Development | (381) |

These GAAP deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The general fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

**VANTAGE CAREER CENTER
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Legal Compliance

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

| <u>Fund Type/Fund</u> | <u>Appropriations</u> | <u>Expenditures Plus Encumbrances</u> | <u>Excess</u> |
|---|-----------------------|---|---------------|
| <u>Special Revenue Funds</u> | | | |
| Consumer Economic Education | \$ 3,253 | \$ 11,973 | \$ (8,720) |
| Teacher Professional Development Grant | 7,602 | 9,506 | (1,904) |
| Tech Prep | 0 | 59,587 | (59,587) |
| JTPA | 15,229 | 37,865 | (22,636) |
| Vocational Education | 200,368 | 214,390 | (14,022) |
| <u>Capital Projects Fund</u> | | | |
| IVDL Grant | 13,872 | 63,755 | (49,883) |
| <u>Enterprise Funds</u> | | | |
| Food Service | 102,111 | 102,163 | (52) |
| Rotary | 117,370 | 156,326 | (38,956) |
| Adult Education | 520,098 | 528,899 | (8,801) |

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

| <u>Fund Type</u> | <u>Fund</u> | <u>Excess Amount</u> |
|------------------|------------------------------------|----------------------|
| Special Revenue | Career Development | \$17,957 |
| Special Revenue | SchoolNet Professional Development | 67,544 |

C. Agency Fund

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

| | |
|----------------------------|---------|
| <u>ASSETS</u> | |
| Due from other governments | \$1,567 |

**VANTAGE CAREER CENTER
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that Investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Cash on Hand: At year end, the Career Center had \$650 in undeposited cash on hand which is included on the combined balance sheet as part of "Equity in pooled cash and cash equivalents", but is not included in the total amount of deposits reported below.

**VANTAGE CAREER CENTER
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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

Deposits: At year-end the carrying amount of the Career Center's deposits was \$1,419,601 and the bank balance was \$1,525,007 (both amounts include \$988,000 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$431,425 was covered by federal deposit insurance.
2. \$1,093,582 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center held to a successful claim by the FDIC.

Investments: The Career Center's investments are required to be categorized to give an indication of the level of risk assumed by the Career Center at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Career Center or its agent in the Career Center's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Career Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the Career Center's name. The Career Center had no investments (as defined by GASB Statement No. 3) at June 30, 2000.

NOTE 5 - PROPERTY TAXES

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

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

**VANTAGE CAREER CENTER
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 5 - PROPERTY TAXES - (Continued)

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

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

The assessed values upon which the fiscal year 2000 taxes were collected are as follows:

| | 1999 Second-Half Collections | | 2000 First-Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$588,921,690 | 80.74 | \$702,239,980 | 82.15 |
| Public Utility Personal | 59,542,500 | 8.16 | 64,033,310 | 7.49 |
| Tangible Personal Property | <u>80,895,700</u> | <u>11.10</u> | <u>88,601,490</u> | <u>10.36</u> |
| | <u>\$729,359,890</u> | <u>100.00</u> | <u>\$854,874,780</u> | <u>100.00</u> |

Tax rate per \$1,000 of
assessed valuation:

| | | |
|-----------------------|--------|--------|
| Operations | \$3.10 | \$3.10 |
| Permanent Improvement | .70 | .70 |

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 5 - PROPERTY TAXES - (Continued)

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current fiscal year operations. The net receivable (total receivable less available advance intended to finance the current year) is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

Taxes available for advance and recognized as revenue but not received by the Career Center prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The Career Center is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2000 totaled \$78,547 in the general fund, and \$20,328 in the Permanent Improvement capital projects fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, interest, accounts (tuition and student fees), and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 6 - RECEIVABLES - (Continued)

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

| | <u>Amounts</u> |
|--------------------------------|----------------|
| <u>General Fund</u> | |
| Taxes - current and delinquent | \$1,961,744 |
| Accrued interest | 4,947 |
| <u>Special Revenue Funds</u> | |
| Due from other governments | 59,901 |
| Accounts | 3,977 |
| <u>Capital Projects</u> | |
| Taxes - current and delinquent | 446,461 |
| <u>Enterprise Funds</u> | |
| Due from other governments | 1,824 |
| Accounts | 7,711 |

NOTE 7 - FIXED ASSETS

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

| | <u>Balance July 1, 1999</u> | <u>Increases</u> | <u>Disposals</u> | <u>Balance June 30, 2000</u> |
|---------------------|---------------------------------|------------------|-------------------|----------------------------------|
| Land/Improvement | \$ 45,000 | \$ - - - | \$ - - - | \$ 45,000 |
| Buildings | 3,369,432 | 110,171 | - - - | 3,479,603 |
| Furniture/Equipment | 2,578,038 | 368,834 | (42,474) | 2,904,398 |
| Vehicles | <u>180,445</u> | <u>11,730</u> | <u>- - -</u> | <u>192,175</u> |
| Total | <u>\$6,172,915</u> | <u>\$490,735</u> | <u>\$(42,474)</u> | <u>\$6,621,176</u> |

A summary of the proprietary fixed assets at June 30, 2000 follows:

| | |
|--------------------------------|------------------|
| Furniture and Equipment | \$ 444,538 |
| Less: Accumulated Depreciation | <u>(424,554)</u> |
| Net Fixed Assets | <u>\$ 19,984</u> |

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 8 - LONG-TERM OBLIGATIONS

A. Changes in the long-term obligations of the Career Center during fiscal year 2000 were as follows:

| | <u>Outstanding July 1, 1999</u> | <u>Additions</u> | <u>Deletions</u> | <u>Outstanding June 30, 2000</u> |
|-----------------------------|-------------------------------------|------------------|------------------|--------------------------------------|
| Compensated Absences | \$308,501 | \$ 0 | \$(3,607) | \$304,894 |
| Total Long-Term Obligations | <u>\$308,501</u> | <u>\$ 0</u> | <u>\$(3,607)</u> | <u>\$304,894</u> |

Compensated absences will be paid from the fund which the employee is paid.

B. Legal Debt Margin

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

The effects of these debt limitations for the Career Center at June 30, 2000 are a voted debt margin of \$76,938,730 and an unvoted debt margin of \$854,875.

NOTE 9 - 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 1999.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 9 - RISK MANAGEMENT - (Continued)

GROUP PURCHASING POOLS

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

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the Career Center.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 10 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Career Center maintains four Enterprise funds to account for the operations of food service, uniform school supplies, rotary and adult education. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the Career Center as of and for the year ended June 30, 2000.

| | <u>Food Service</u> | <u>Uniform School Supplies</u> | <u>Rotary</u> | <u>Adult Education</u> | <u>Total</u> |
|----------------------------|-------------------------|--|---------------|----------------------------|--------------|
| Operating revenue | \$ 89,129 | \$57,074 | \$102,779 | \$ 215,412 | \$ 464,394 |
| Depreciation | 1,271 | 143 | --- | 347 | 1,761 |
| Operating income (loss) | (26,296) | 242 | (13,024) | (287,879) | (326,957) |
| Non-operating revenues: | | | | | |
| Operating grants | 13,401 | --- | 4,452 | 286,093 | 303,946 |
| Donated commodities | 8,489 | --- | --- | --- | 8,489 |
| Net income | (1,568) | 242 | (8,572) | (1,786) | (11,684) |
| Net working capital | 31,400 | 8,398 | 162,713 | 15,650 | 218,161 |
| Fixed Assets: | | | | | |
| Additions | 1,407 | --- | --- | --- | 1,407 |
| Total assets | 52,240 | 10,503 | 165,580 | 31,927 | 260,250 |
| Long-term liabilities | | | | | |
| payable from fund revenues | 4,160 | --- | --- | 9,140 | 13,300 |
| Total equity | 43,885 | 10,503 | 162,713 | 7,750 | 224,851 |
| Encumbrances as of | | | | | |
| 6/30/2000 | 452 | 577 | 42,512 | 5,799 | 49,340 |

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$96,494, \$83,316, and \$71,668, respectively, 94 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$5,419, which represents the unpaid contribution for fiscal year 2000, is recorded as a fund liability within the respective funds.

B. State Teachers Retirement System

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the Career Center is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Career Center's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$445,554, \$405,922, and \$387,747 respectively, 93 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$32,048, which represents the unpaid contribution for fiscal year 2000, is recorded as a fund liability within the respective funds.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount equaled \$254,602 during the 2000 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126.4 million and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$180.0 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the Career Center, the amount to fund health care benefits, including the surcharge, equaled \$51,406 during the 2000 fiscal year.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

| | Governmental Fund Types | | |
|---|-------------------------|--------------------------------------|--------------------------------------|
| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Capital Projects Fund</u> |
| Budget Basis | \$131,426 | \$(90,675) | \$(244,829) |
| Net Adjustment for Revenue Accruals | (10,292) | 46,038 | 44,608 |
| Net Adjustment for Expenditure Accruals | 42,768 | (1,501) | 17,899 |
| Net Adjustment for Other Financing Sources/(Uses) | (1,285) | | |
| Adjustment for Encumbrances | <u>63,431</u> | <u>17,340</u> | <u>38,153</u> |
| GAAP Basis | <u>\$226,048</u> | <u>\$(28,798)</u> | <u>\$(144,169)</u> |

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 14 - CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2000.

B. Endowment Income

The Career Center is the beneficiary of an estate administered by the Van Wert County Foundation, a community trust. The trust may distribute the principal and income to the Career Center for the purpose of acquiring new electronic and other equipment. For the year ended June 30, 2000, the Career Center received \$68,452 from the trustee.

C. Litigation

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

D. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this Career Center. During the fiscal year ended June 30, 2000, the Career Center received \$2,485,519 of school foundation support for its General fund.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

NOTE 14 - CONTINGENCIES - (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of Vantage Career Center as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated November 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Vantage Career Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-51672-001 and 2000-51672-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of Vantage Career Center in a separate letter dated November 22, 2000.

Board of Education
Vantage Career Center

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vantage Career Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Vantage Career Center's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-51672-001 and 2000-51672-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Vantage Career Center in a separate letter dated November 22, 2000.

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

Trimble, Julian & Grube, Inc.
November 22, 2000

SCHEDULE OF FINDINGS

**VANTAGE CAREER CENTER
VAN WERT COUNTY
JUNE 30, 2000**

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

| | |
|----------------|----------------|
| Finding Number | 2000-51672-001 |
|----------------|----------------|

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

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

| Fund Type/ Fund | <u>Appropriations</u> | <u>Expenditures Plus Encumbrances</u> | <u>Excess</u> |
|---|-----------------------|---|---------------|
| <u>Special Revenue Funds</u> | | | |
| Consumer Economic Education | \$ 3,253 | \$ 11,973 | \$ (8,720) |
| Teacher Professional Development Grant | 7,602 | 9,506 | (1,904) |
| Tech Prep | 0 | 59,587 | (59,587) |
| JTPA | 15,229 | 37,865 | (22,636) |
| Vocational Education | 200,368 | 214,390 | (14,022) |
| <u>Capital Projects Fund</u> | | | |
| IVDL Grant | 13,872 | 63,755 | (49,883) |
| <u>Enterprise Funds</u> | | | |
| Food Service | 102,111 | 102,163 | (52) |
| Rotary | 117,370 | 156,326 | (38,956) |
| Adult Education | 520,098 | 528,899 | (8,801) |

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

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

SCHEDULE OF FINDINGS

**VANTAGE CAREER CENTER
VAN WERT COUNTY
JUNE 30, 2000**

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

| | |
|----------------|----------------|
| Finding Number | 2000-51672-002 |
|----------------|----------------|

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

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

| <u>Fund Type</u> | <u>Fund</u> | <u>Excess Amount</u> |
|------------------|------------------------------------|----------------------|
| Special Revenue | Career Development | \$17,957 |
| Special Revenue | SchoolNet Professional Development | 67,544 |

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY
JUNE 30, 2000**

STATUS OF PRIOR AUDIT FINDINGS

| <u>NONCOMPLIANCE</u> | <u>STATUS</u> | <u>EXPLANATION IF NOT FULLY IMPLEMENTED</u> |
|---|---------------|--|
| Section 5705.41 (B), Revised Code, requiring that all expenditures of money must be lawfully appropriated. (1999-51672-001) | Not Corrected | The Career Center is aware of this requirement and is attempting to monitor the appropriations and expenditures on a more regular basis. |



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VANTAGE CAREER CENTER

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2001**