



**Auditor of State
Betty Montgomery**

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio, as of June 30, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

April 27, 2006

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED**

The discussion and analysis of Vanguard-Sentinel Career Centers' (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2005 are as follows:

- In total, net assets increased \$486,825, which represents a 2.39% increase from 2004.
- General revenues accounted for \$11,483,089, or 75.53% of all revenues. Program specific revenues in the form of "charges for services and sales" and "grants and contributions" account for \$3,720,174 or 24.47% of the total revenues of \$15,203,263.
- The District had \$14,716,438 in expenses related to governmental activities: only \$3,720,174 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,483,089 were adequate to provide for these programs resulting in an increase to net assets from \$20,359,467 to \$20,846,292.
- The District's two major governmental funds are the General Fund and Permanent Improvement Fund. The General Fund had \$13,540,805 in revenues and other financing sources and \$13,271,495 in expenditures and other financing uses. The General Fund's fund balance increased from \$4,538,525 to \$4,807,835. The increase is attributable to spending only 98.42% of the amount appropriated. The Permanent Improvement Fund had \$365,083 in revenue and other financing sources and \$19,099 in expenditures. The Permanent Improvement Fund's fund balance increased from \$5,191,958 to \$5,537,942. The balance increased because the District transferred \$353,000 from the General Fund.

Using the Basic Financial Statements

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2005. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

Report the District's Fiduciary Responsibilities

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for fiscal year 2005 compared to 2004.

	Governmental Activities 2005	Governmental Activities 2004
<u>Assets</u>		
Current assets	\$ 15,746,111	\$ 15,095,777
Capital assets	11,061,116	11,302,410
	<hr/>	<hr/>
Total assets	26,807,227	26,398,187
	<hr/>	<hr/>
<u>Liabilities</u>		
Current liabilities	4,634,716	4,624,503
Long-term liabilities	1,326,219	1,414,217
	<hr/>	<hr/>
Total liabilities	5,960,935	6,038,720
	<hr/>	<hr/>
<u>Net Assets</u>		
Invested in capital assets, net of debt	10,827,784	11,002,411
Restricted	385,596	434,302
Unrestricted	9,632,912	8,922,754
	<hr/>	<hr/>
Total net assets	<u>\$20,846,292</u>	<u>\$20,359,467</u>

Total assets increased \$409,040. The majority of the increase was attributable to the District's equity in pooled cash and cash equivalents increasing along with intergovernmental receivables.

Total liabilities decreased \$77,785. The majority of the change was due to the District retiring debt.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

The table below shows the changes in net assets for the fiscal year 2005 compared to 2004.

	Governmental Activities 2005	Governmental Activities 2004
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$989,174	\$821,956
Operating grants and contributions	2,731,000	2,656,838
General revenues:		
Property taxes	4,096,191	3,702,720
Grants and entitlements	6,996,138	6,729,177
Investment earnings	272,134	220,803
Miscellaneous	118,626	96,342
Total revenues	<u>15,203,263</u>	<u>14,227,836</u>
<u>Expenses</u>		
Program Expenses:		
Instruction:		
Regular	295,911	283,947
Special	107,108	106,489
Vocational	8,895,564	8,224,555
Adult/Continuing	693,750	652,264
Support Services:		
Pupils	635,664	571,863
Instructional Staff	776,341	783,519
Board of Education	48,303	106,175
Administration	881,785	697,715
Fiscal	549,666	416,750
Operations and Maintenance of Plant	1,545,734	1,715,398
Pupil Transportation	53,468	64,352
Central		1,334
Food Service Operations	109,947	125,901
Extracurricular Activities	9,756	9,167
Depreciation – Unallocated	66,344	63,252
Other Financing Uses	47,097	35,343
Total expenses	<u>14,716,438</u>	<u>13,858,024</u>
Changes in net assets	<u>486,825</u>	<u>369,812</u>
Ending net assets	<u>\$20,846,292</u>	<u>\$20,359,467</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

Governmental Activities

Net assets of the District's governmental activities increased by \$486,825. Total governmental expenses of \$14,716,438 were primarily offset by program revenues of \$3,720,174 and general revenues of \$11,483,089. Program revenues supported 25.28% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 72.96% of total governmental revenue. Property taxes support 27.83% of total expenses while grants and entitlements supported 47.54% of total expenses. Between these two revenue items, 75.37% of total governmental expenditures were funded.

The largest expense of the District is for vocational programs. Vocational instruction expenses totaled \$8,895,564 or 60.45% of total governmental expenses for fiscal 2005. Vocational instruction expenses increased \$671,009 due to increases in salaries and benefits.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2005 and 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Program expenses:				
Instruction:				
Regular	\$295,911	\$295,911	\$283,947	\$283,947
Special	107,108	107,108	106,489	106,489
Vocational	8,895,564	6,394,727	8,224,555	5,940,458
Adult	693,750	20,620	652,264	98,386
Support services:				
Pupils	635,664	454,125	571,863	312,797
Instructional staff	776,341	654,850	783,519	657,826
Board of education	48,303	48,303	106,175	106,175
Administration	881,785	849,490	697,715	665,377
Fiscal	549,666	549,666	416,750	416,750
Operations and maintenance	1,545,734	1,446,938	1,715,398	1,609,407
Pupil transportation	53,468	53,468	64,352	64,352
Central			1,334	573
Food Service Operations	109,947	(2,139)	125,901	8,931
Extracurricular activities	9,756	9,756	9,167	9,167
Depreciation - Unallocated	66,344	66,344	63,252	63,252
Other Financing Uses	47,097	47,097	35,343	35,343
Total expenses	\$14,716,438	\$10,996,264	\$13,858,024	\$10,379,230

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent as 68.24% of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 74.72%.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$15,522,702 and expenditures \$14,972,361. The governmental fund balance increased by \$550,341 for the year due to spending less than appropriated. The schedule below indicates the fund balance by fund type as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Fund Balance June 30, 2004
General Fund	\$4,807,835	\$4,538,525
Permanent Improvement	5,537,942	5,191,958
All Other Governmental	578,835	643,788
Total	\$10,924,612	\$10,374,271

The General Fund increased because the District expended less than was appropriated. The Permanent Improvement Fund reflected an increase because the District transferred \$353,000 from the General Fund.

General Fund Budgeting Highlights

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

During the course of fiscal year 2005, the District amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$13,275,980, were above original budgeted revenues in the amount of \$13,164,611. Actual revenue was \$13,380,563.

Final expenditures were budgeted at \$14,505,118 while actual expenditures were \$14,276,588. The \$228,530 difference primarily comes from only spending 98% of the appropriated amount. Original appropriations amounted to \$14,435,119.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2005, the District had \$11,061,116 invested in capital assets (net of accumulated depreciation) for governmental activities, a decrease of \$241,294, or 2.13%. The primary decrease in capital assets for governmental activities was the result of disposing of assets. Additions included routine computer and computer related purchases, and instructional equipment. Disposals primarily consisted computer related equipment and other instructional equipment.

Debt

At June 30, 2005, the District had an outstanding loan, in the amount of \$233,332, the proceeds were used to purchase the Terra Tech campus on Cedar Street and make necessary renovations.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
UNAUDITED
(Continued)**

At June 30, 2005, the District's overall legal debt margin was \$242,753,259 with an unvoted debt margin of \$2,697,258.

Current Issues

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

Over the past several years, the District has maintained a good financial position. The District has not been on the ballot since 1971 for operating funds. The current five-year forecast indicates the District will not have to request operating funds.

The District is in the first year of a three-year contract with all certified and classified employees. This agreement has an expiration date of June 30, 2007.

Contacting the District's Financial Management

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

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**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Net Assets
June 30, 2005**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 11,240,057
Inventory Held for Resale	4,739
Materials and Supplies Inventory	9,210
Accrued Interest Receivable	66,144
Accounts Receivable	11,935
Intergovernmental Receivable	261,011
Prepaid Items	99,236
Property and Other Local Taxes Receivable	4,053,779
Noncurrent Assets:	
Non-Depreciable Capital Assets	795,737
Depreciable Capital Assets, net	<u>10,265,379</u>
 Total Assets	 <u>26,807,227</u>
 <u>Liabilities:</u>	
Current Liabilities:	
Accounts Payable	148,541
Accrued Wages and Benefits	1,196,218
Deferred Revenue	3,289,957
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	172,694
Due in More Than One Year	<u>1,153,525</u>
 Total Liabilities	 <u>5,960,935</u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	10,827,784
Restricted for Debt Service	233,332
Restricted for Other Purposes	152,264
Unrestricted	<u>9,632,912</u>
 Total Net Assets	 <u><u>\$ 20,846,292</u></u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2005**

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:			
Instruction:			
Regular	\$ 295,911		\$ (295,911)
Special	107,108		(107,108)
Vocational	8,895,564	\$ 518,680	\$ 1,982,157
Adult/Continuing	693,750	301,594	371,536
Support Services:			
Pupils	635,664		181,539
Instructional Staff	776,341		121,491
Board of Education	48,303		(48,303)
Administration	881,785		32,295
Fiscal	549,666		(549,666)
Operation and Maintenance of Plant	1,545,734	97,203	1,593
Pupil Transportation	53,468		(53,468)
Food Service Operations	109,947	71,697	40,389
Extracurricular Activities	9,756		(9,756)
Depreciation - Unallocated	66,344		(66,344)
Loss on Sale of Fixed Assets	47,097		(47,097)
Total Governmental Activities	\$ 14,716,438	\$ 989,174	\$ 2,731,000
General Revenues:			
Property taxes, levied for general purposes			4,096,191
Grants and Entitlements not Restricted to Specific Programs			6,996,138
Investment Earnings			272,134
Miscellaneous			118,626
Total General Revenues			11,483,089
Change in Net Assets			486,825
Net Assets Beginning of Year			20,359,467
Net Assets End of Year			\$ 20,846,292

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2005**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:				
Equity in Pooled Cash and Cash Equivalents	\$ 4,992,815	\$ 5,537,942	\$ 653,117	\$ 11,183,874
Cash and Cash Equivalents in Segregated Accounts	331			331
Inventory Held for Resale			4,739	4,739
Materials and Supplies Inventory			9,210	9,210
Accrued Interest Receivable	66,144			66,144
Accounts Receivable	2,867		9,068	11,935
Interfund Receivable	95,000			95,000
Intergovernmental Receivable	199,751		61,260	261,011
Prepaid Items	94,882		4,354	99,236
Property and Other Local Taxes Receivable	4,053,779			4,053,779
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	55,852			55,852
Total Assets	<u>\$ 9,561,421</u>	<u>\$ 5,537,942</u>	<u>\$ 741,748</u>	<u>\$ 15,841,111</u>
LIABILITIES:				
Accounts Payable	144,723		3,818	148,541
Accrued Wages and Benefits	1,135,671		60,547	1,196,218
Interfund Payable			95,000	95,000
Deferred Revenue	3,473,192		3,548	3,476,740
Total Liabilities	<u>4,753,586</u>		<u>162,913</u>	<u>4,916,499</u>
FUND BALANCES:				
Reserved:				
Reserved for Encumbrances	881,235		12,806	894,041
Reserved for Property Taxes	584,288			584,288
Reserved for Budget Stabilization	55,852			55,852
Unreserved, Designated:				
Designated for Budget Stabilization	526,050			526,050
Unreserved, Undesignated, Reported in:				
General Fund	2,760,410			2,760,410
Special Revenue Funds			332,697	332,697
Debt Service Fund			233,332	233,332
Capital Projects Fund		5,537,942		5,537,942
Total Fund Balances	<u>4,807,835</u>	<u>5,537,942</u>	<u>578,835</u>	<u>10,924,612</u>
Total Liabilities and Fund Balances	<u>\$ 9,561,421</u>	<u>\$ 5,537,942</u>	<u>\$ 741,748</u>	<u>\$ 15,841,111</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2005**

Total Governmental Fund Balances		\$10,924,612
<p>Amounts reported for governmental activities on the statement of net assets are different because of the following:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.</p>		
		11,061,116
<p>Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:</p>		
Accounts Receivable	\$ 2,199	
Intergovernmental Receivable	5,050	
Property Taxes Receivable	179,534	
		186,783
<p>Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:</p>		
School Facilities Loan Payable	(233,332)	
Compensated Absences Payable	(1,092,887)	
		(1,326,219)
Net Assets of Governmental Activities		\$20,846,292

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property and Other Local Taxes	\$ 4,009,782			\$ 4,009,782
Intergovernmental	8,846,758		\$ 1,029,155	9,875,913
Interest	271,495		639	272,134
Tuition and Fees	119,214		335,550	454,764
Rent	97,203			97,203
Gifts and Donations			3,750	3,750
Customer Sales and Services			175,534	175,534
Miscellaneous	195,978	\$ 12,083	16,342	224,403
Total Revenues	13,540,430	12,083	1,560,970	15,113,483
Expenditures:				
Current:				
Instruction:				
Regular	272,843			272,843
Special	107,099			107,099
Vocational	8,506,310		415,774	8,922,084
Adult/Continuing			689,758	689,758
Support Services:				
Pupils	381,505		217,903	599,408
Instructional Staff	640,989		123,590	764,579
Board of Education	55,880			55,880
Administration	818,899		41,089	859,988
Fiscal	542,721			542,721
Operation and Maintenance of Plant	1,477,102	19,099	1,593	1,497,794
Pupil Transportation	49,547			49,547
Food Service Operations			125,393	125,393
Extracurricular Activities	9,756			9,756
Debt Service:				
Principal Retirement			66,667	66,667
Total Expenditures	12,862,651	19,099	1,681,767	14,563,517
Excess of Revenues Over (Under) Expenditures	677,779	(7,016)	(120,797)	549,966
Other Financing Sources (Uses)				
Transfers In		353,000	55,844	408,844
Proceeds from Sale of Fixed Assets	375			375
Transfers Out	(408,844)			(408,844)
Total Other Financing Sources and Uses	(408,469)	353,000	55,844	375
Net Change in Fund Balances	269,310	345,984	(64,953)	550,341
Fund Balance at Beginning of Year	4,538,525	5,191,958	643,788	10,374,271
Fund Balance at End of Year	\$ 4,807,835	\$ 5,537,942	\$ 578,835	\$ 10,924,612

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2005**

Net Change in Fund Balances - Total Governmental Funds		\$550,341
<p>Amounts reported for governmental activities on the statement of activities are different because of the following:</p>		
<p>Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current year:</p>		
Capital Outlay - Capital Assets	\$ 981,406	
Depreciation	<u>(1,175,228)</u>	(193,822)
<p>Capital assets removed from the capital asset account on the statement of net assets results in a loss on disposal of capital assets on the statement of activities.</p>		
Loss on Disposal of Capital Assets		(47,097)
<p>Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:</p>		
Property Taxes	86,409	
Intergovernmental	1,537	
Tuition and Fees	1,722	
Customer Sales and Services	(25)	
Miscellaneous	<u>(238)</u>	89,405
<p>Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net assets.</p>		
		66,667
<p>Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:</p>		
Decrease in Compensated Absences Payable		<u>21,331</u>
Change in Net Assets of Governmental Activities		<u><u>\$486,825</u></u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual Comparison
General Fund
For the Fiscal Year Ended June 30, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 3,863,913	\$ 3,863,913	\$ 3,854,207	\$ (9,706)
Intergovernmental	8,552,834	8,637,203	8,695,210	58,007
Interest	270,000	270,000	345,130	75,130
Tuition and Fees	125,000	125,000	119,214	(5,786)
Rent	100,000	100,000	97,203	(2,797)
Miscellaneous	175,000	202,000	194,311	(7,689)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	13,086,747	13,198,116	13,305,275	107,159
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	284,366	277,716	277,315	401
Special	108,241	106,121	105,388	733
Vocational	9,034,453	8,885,212	8,771,066	114,146
Support Services:				
Pupils	395,183	393,308	380,968	12,340
Instructional Staff	662,666	654,086	643,602	10,484
Board of Education	112,683	77,683	66,833	10,850
Administration	987,334	1,039,634	1,021,694	17,940
Fiscal	736,175	764,075	745,284	18,791
Operation and Maintenance of Plant	1,727,707	1,673,742	1,636,385	37,357
Pupil Transportation	79,311	79,781	74,589	5,192
Extracurricular Activities	17,000	9,760	9,756	4
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	14,145,119	13,961,118	13,732,880	228,238
Excess of Expenditures Over Revenues	<hr/> (1,058,372)	<hr/> (763,002)	<hr/> (427,605)	<hr/> 335,397
<u>Other Financing Sources (Uses)</u>				
Transfers In	39,864	39,864	39,864	
Proceeds from Sale of Fixed Assets	3,000	3,000	375	(2,625)
Refund of Prior Year Expenditures			49	49
Advances In	35,000	35,000	35,000	
Transfers Out	(240,000)	(449,000)	(448,708)	292
Advances Out	(50,000)	(95,000)	(95,000)	
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Sources and Uses	(212,136)	(466,136)	(468,420)	(2,284)
Net Change in Fund Balances	(1,270,508)	(1,229,138)	(896,025)	333,113
Fund Balance at Beginning of Year	3,720,710	3,720,710	3,720,710	
Prior Year Encumbrances Appropriated	1,199,407	1,199,407	1,199,407	
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance at End of Year	<u>\$ 3,649,609</u>	<u>\$ 3,690,979</u>	<u>\$ 4,024,092</u>	<u>\$ 333,113</u>

See accompanying notes to basic financial statements

VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY

Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2005

	<u>Agency Fund</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 47,474
Accounts Receivable	<u>1,040</u>
Total Assets	<u>48,514</u>
<u>Liabilities:</u>	
Accounts Payable	775
Due to Students	<u>47,739</u>
Total Liabilities	<u>\$ 48,514</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

The District serves an area of approximately 1600 square miles. The District is the 8th largest joint vocational school district in the State of Ohio (among 49 joint vocational districts) in terms of enrollment with an enrollment of 1,175 students. The District employed 11 administrative and supervisory personnel, 117 certificated employees and 31 non-certificated employees.

Reporting Entity

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

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

Governmental Funds

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

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

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

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

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Revenues

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

Property taxes for which there was an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

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

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During fiscal year 2005, investments were limited to nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are valued at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005, was \$271,495 which includes \$163,087 assigned from other funds.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

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

Inventory consists of resale supplies and donated and purchased food.

I. Restricted Assets

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

J. Capital Assets

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

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

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

K. Interfund Assets/Liabilities

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

L. Compensated Absences

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

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Assets

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

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

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

O. Fund Balance Reserves and Designations

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

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

P. Interfund Transactions

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

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2005.

R. Estimates

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE – (CONTINUED)

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

At June 30, 2005, the Adult Basic Literacy Education special revenue fund had a deficit fund balance of \$856, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING – (CONTINUED)

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

Net Change in Fund Balance	
GAAP Basis	\$269,310
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2004, Received in Cash FY 2005	614,243
Accrued FY 2005, Not Yet Received in Cash	(849,349)
Expenditure Accruals:	
Accrued FY 2004, Paid in Cash FY 2005	(1,030,834)
Accrued FY 2005, Not Yet Paid in Cash	1,185,512
Advances In	35,000
Advances Out	(95,000)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(1,024,907)
Budget Basis	(\$896,025)

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the District had \$331 in change funds on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

B. Deposits with Financial Institutions

At June 30, 2005, the carrying amount of the District's deposits was \$11,253,556. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$10,949,468 of the District's bank balance of \$11,449,468 was exposed to custodial risk as discussed below, while \$500,000 was covered by Federal Deposit Insurance Corporation.

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

C. Investments

As of June 30, 2005, the District had the following investment and maturity:

Investment type	Balance at Fair Value	Maturity 6 months or less
STAR Ohio	\$33,644	\$33,644

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

Credit Risk: Standard & Poors has assigned STAR Ohio a AAAM money market rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invest in any one issuer. The following table includes the percentage of total of each investment type held by the District at June 30, 2005:

Investment type	Fair Value	% to Total
STAR Ohio	\$33,644	100.00%

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$11,253,556
Investments	\$33,644
Cash on hand	331
Total	\$11,287,531
 <u>Cash and Investments per Statement of Net Assets</u>	
Governmental Activities	\$11,240,057
Agency Funds	\$47,474
Total	\$11,287,531

NOTE 6 - RECEIVABLES

Receivables at June 30, 2005, consisted of accounts (rent and billings for user charged services), intergovernmental, property and other local taxes, interfund, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are considered collectible within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	\$199,751
Other Governmental Funds	
Food Service	4,398
Adult Education	4,216
Career Development	4,129
Vocational Grants	48,517
Total Other Governmental Funds	61,260
Total Intergovernmental Receivables	\$261,011

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2005 represent the collection of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed values as of December 31, 2003, the lien date. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2005 (other than public utility property) represent the collection of calendar year 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from nine counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2005, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year end. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2005, was \$584,288 in the General Fund. The amount available as an advance at June 30, 2004, was \$428,713, in the General Fund.

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 7 - PROPERTY TAXES – (CONTINUED)

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second- Half Collections		2005 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$2,187,610,470	82.33%	\$2,241,881,570	83.12%
Public Utility	132,042,740	4.97	129,751,740	4.81
Tangible Personal	337,418,917	12.70	325,625,120	12.07
Total Assessed Value	<u>\$2,657,072,127</u>	<u>100.00%</u>	<u>\$2,697,258,430</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$1.60		\$1.60	

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance at 7/01/04	Additions	Reductions	Balance at 6/30/05
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$770,737	\$25,000		\$795,737
Depreciable Capital Assets				
Buildings and Building Improvements	14,815,878	386,173	(\$13,760)	15,188,291
Furniture, Fixtures, and Equipment	5,661,587	570,233	(323,696)	5,908,124
Vehicles	497,230			497,230
Total Depreciable Capital Assets	<u>20,974,695</u>	<u>956,406</u>	<u>(337,456)</u>	<u>21,593,645</u>
Less Accumulated Depreciation				
Buildings and Building Improvements	(\$6,678,639)	(\$435,714)	\$10,435	(\$7,103,918)
Furniture, Fixtures, and Equipment	(3,466,469)	(668,817)	279,549	(3,855,737)
Vehicles	(297,914)	(70,697)		(368,611)
Total Accumulated Depreciation	<u>(10,443,022)</u>	<u>(1,175,228)</u>	<u>289,984</u>	<u>(11,328,266)</u>
Depreciable Capital Assets, Net	<u>10,531,673</u>	<u>(218,822)</u>	<u>(47,472)</u>	<u>10,265,379</u>
Governmental Activities Capital Assets, Net	<u>\$11,302,410</u>	<u>\$(193,822)</u>	<u>\$(47,472)</u>	<u>\$11,061,116</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 8 - CAPITAL ASSETS – (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$21,419
Special	918
Vocational	967,506
Adult/Continuing	13,204
Support Services:	
Pupils	13,530
Instructional Staff	8,731
Administration	19,326
Fiscal	6,588
Operation and Maintenance of Plant	47,804
Pupil Transportation	3,890
Food Service Operations	5,968
Unallocated	66,344
Total Depreciation Expense	<u>\$1,175,228</u>

NOTE 9 - INTERFUND ASSETS/LIABILITIES

At June 30, 2005, the General Fund had an interfund receivable, in the amount of \$95,000. Career Development, Adult Basic Literacy Education, Vocational Education Planning District, Safe and Drug Free Schools and Title V, special revenue funds had interfund payables, in the amount of \$5,000, \$20,000, \$55,000, \$5,000 and \$10,000, respectively, resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies by the special revenue funds.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2005, the District contracted for the following insurance coverage:

Coverage provided by Ohio School Plan:

Buildings and Contents - replacement cost (\$1,000 deductible)	\$35,033,501
<u>Commercial Auto Coverage</u>	
Liability	2,000,000
Uninsured Motorist	1,000,000
Medical Payments	5,000
<u>Educational General Liability (\$1,000 deductible)</u>	
Bodily Injury and Property Damage Limit – Each Occurrence And Sexual Abuse Injury Limit – Each Sexual Abuse Offense	1,000,000
Personal and Advertising Injury Limit – Each Offense	1,000,000
Fire Damage Limit	500,000
Medical Expense – Any One Person Limit	10,000
Any One Accident Limit	10,000
General Aggregate Limit	3,000,000
Products Completed Operations Aggregate Limit	1,000,000
<u>Employee Benefits Liability Coverage Endorsement-Claims Made</u>	
Each Offense Limit	1,000,000
Aggregate Limit	3,000,000
<u>Employer's Liability – Stop Gap Coverage Endorsement</u>	
Bodily Injury by Accident – Each Accident	1,000,000
Bodily Injury Disease	1,000,000
Bodily Injury by Disease – Each Employee	1,000,000
<u>Educational Legal Liability Coverage Form – Claims Made</u>	
Errors and Omissions Injury Limit	1,000,000
Errors and Omissions Injury Aggregate Limit	2,000,000
Employment Practices Injury Limit	1,000,000
Employment Practices Injury Aggregate Limit	2,000,000
<u>Excess Liability Coverage</u>	
Educational General Liability	
Bodily Injury and Property Damage Limit – Each Occurrence	1,000,000
Personal and Advertising Injury Limit – Each Offense	1,000,000
General Aggregate Limit	1,000,000
Products Completed Operations Aggregate Limit	1,000,000

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 10 - RISK MANAGEMENT – (CONTINUED)

Employee Benefits Liability - Claims Made	
Employee Benefits Injury – Each Offense Limit	1,000,000
Employee Benefits Injury – Aggregate Limit	1,000,000
Educational Legal Liability - Claims Made	
Errors and Omissions Injury Limit	1,000,000
Errors and Omissions Injury – Aggregate Limit	1,000,000

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

For fiscal year 2005, the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

For fiscal year 2005, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$128,347, \$108,997 and \$91,291 100 percent has been contributed for fiscal year 2005, 2004, and 2003.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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

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

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003, were \$908,274, \$862,746 and \$826,886; 100 percent has been contributed for fiscal years 2005, 2004, and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$1,378 made by the District and \$2,175 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2005, six members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the 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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$69,867 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. 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 2005, the minimum pay was established at \$27,400. 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. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, District paid \$60,119 to fund health care benefits, including the surcharge.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168 percent of next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Health Care Benefits

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

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during fiscal year 2005 were as follows:

	Balance at 7/01/04	Additions	Reductions	Balance at 6/30/05	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
School Facilities Loan					
FY 1993 0.00%	\$299,999		\$66,667	\$233,332	\$66,667
Compensated Absences Payable	1,114,218	\$155	21,486	1,092,887	106,027
Total Governmental Activities Long-Term Obligations	<u>\$1,414,217</u>	<u>\$155</u>	<u>\$88,153</u>	<u>\$1,326,219</u>	<u>\$172,694</u>

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

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

The District's overall debt margin was \$242,753,259 with an unvoted debt margin of \$2,697,258 at June 30, 2005.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 14 - LONG-TERM OBLIGATIONS – (CONTINUED)

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2005, were as follows:

Fiscal Year	Principal	Interest	Total
2006	\$66,667		\$66,667
2007	66,666		66,666
2008	66,666		66,666
2009	33,333		33,333
	<u>\$233,332</u>		<u>\$233,332</u>

NOTE 15 - SET ASIDES

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2005.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2004			\$55,852
Current Year Set Aside Requirement	\$172,849	\$172,849	
Qualifying Expenditures	(172,849)	(172,849)	
Balance June 30, 2005			<u>\$55,852</u>
Amount Carried Forward to Fiscal Year 2006			<u>\$55,852</u>

NOTE 16 - INTERFUND TRANSFERS

During fiscal year 2005, the General Fund made transfers of \$353,000 to the Permanent Improvement Fund and \$55,844 to other governmental funds.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The Jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts and educational service centers. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software packages utilized.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS – (CONTINUED)

The NOECA assembly consists of a superintendent from each participating school district a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2005, the District contributed \$31,664 to NOECA. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

B. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization which serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. During fiscal year 2005, the District contributed \$165 to NOERC. The agent for the Northwest Ohio Educational Research Council, Inc., is David G. Elsass, 806 Cherry Hill Drive, Bowling Green, Ohio 43402.

NOTE 18 - INSURANCE POOLS

A. Ohio School Plan

The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents and treasurers. The Hylant Administrative Services, LLC., is the Plan's administrator and is responsible for processing claims and serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Hylant Administrative Services, LLC., 811 Madison Avenue, Toledo, Ohio 43624.

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

NOTE 18 - INSURANCE POOLS – (CONTINUED)

C. San-Ott Schools Employee Welfare Benefit Association

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

NOTE 19 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2005.

B. Litigation

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

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**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
(Non-GAAP Basis)
FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education:</i>		
<u>Nutrition Cluster:</u>		
Food Donation		10.550
National School Lunch Program	051458-LLP4-2004 051458-LLP4-2005	10.555
Total U.S. Department of Agriculture - Nutrition Cluster		
U.S. DEPARTMENT OF EDUCATION		
<i>Direct Program:</i>		
Federal Pell Grant Program	P063P044784	84.063
<i>Passed Through Ohio Department of Education:</i>		
Adult Education State Grant Program	051458-AB-S1-2004C 051458-AB-S1-2004 051458-AB-S1-2005	84.002
State Grants for Innovative Programs	051458-C2S1-2005	84.298
Vocational Education Basic Grants to States	051458-20C1-2004 051458-20C1-2005 VECP11 A2005-085	84.048
<i>Passed Through Sandusky City School District:</i>		
Safe and Drug-Free Schools and Communities State Grants	051458-DRS1-2004 051458-DRS1-2005	84.186
Improving Teacher Quality State Grants	051458-TRS1-2004 051458-TRS1-2005	84.367

Total Department of Education

Total Federal Awards

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
	\$ 17,716		\$ 17,716
\$ 9,347		\$ 9,347	
28,206		28,206	
37,553	17,716	37,553	17,716
70,085		70,085	
12,859		12,859	
8,715		7,241	
114,168		114,168	
<u>135,742</u>		<u>134,268</u>	
11,043		11,043	
<u>11,043</u>		<u>11,043</u>	
360,986		12,929	
34,671		394,236	
<u>395,657</u>		<u>34,671</u>	
		441,836	
2,766		2,195	
3,844		3,760	
<u>6,610</u>		<u>5,955</u>	
340			
18,902		18,044	
<u>19,242</u>		<u>18,044</u>	
638,379		681,231	
\$ 675,932	\$ 17,716	\$ 718,784	\$ 17,716

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURE SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated April 27, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated April 27, 2006, we reported another matter related to noncompliance we deemed immaterial.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

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

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

Betty Montgomery
Auditor of State

April 27, 2006



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

Compliance

We have audited the compliance of Vanguard-Sentinel Career Centers, Sandusky County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Vanguard-Sentinel Career Centers complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005. In a separate letter to the District's management dated April 27, 2006, we reported another matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Betty Montgomery
Auditor of State

April 27, 2006

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

VANGUARD-SENTINEL CAREER CENTERS

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 06, 2006**