



Dave Yost • Auditor of State

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 and Technology Centers, Sandusky County, Ohio, as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2013, the District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Awards Receipt and Expenditure Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 4, 2014

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**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The management's discussion and analysis of Vanguard-Sentinel Career and Technology Centers (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. 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 the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities increased \$1,144,395 which represents an increase of 2.46% from 2013.
- General revenues accounted for \$12,878,000 in revenue or 83.63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,520,882 or 16.37% of total revenues of \$15,398,882.
- The District had \$14,254,487 in expenses related to governmental activities; \$2,520,882 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,878,000 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, permanent improvement fund and classroom facilities fund. The general fund had \$13,924,441 in revenues and other financing sources and \$13,453,272 in expenditures and other financing uses. During fiscal year 2013, the general fund's fund balance increased \$471,169 from a balance of \$5,405,872 to \$5,877,041.
- The permanent improvement fund had \$813,742 in revenues and other financing sources and \$3,484,531 in expenditures. During fiscal year 2013, the permanent improvement fund's fund balance decreased \$2,670,789 from \$8,966,732 to \$6,295,943.
- The classroom facilities fund had \$483,290 in revenues and \$3,555,472 in expenditures. During fiscal year 2013, the classroom facilities fund's fund balance decreased \$3,072,182 from \$2,980,309 to a deficit balance of \$91,873.

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 the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and 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 the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, permanent improvement fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the 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 position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, permanent improvement fund and classroom facilities 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 year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. This activity is reported in agency funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2013 and June 30, 2012. Prior year amounts have been adjusted to conform to current year reporting requirement due to the implementation of new GASB requirements (See note 3.A. to the basic financial statements for detail).

	Net Position	
	Governmental Activities 2013	Governmental Activities 2012
<u>Assets</u>		
Current and other assets	\$ 19,826,810	\$ 28,398,288
Capital assets, net	<u>38,474,598</u>	<u>32,381,991</u>
Total assets	<u>58,301,408</u>	<u>60,780,279</u>
<u>Liabilities</u>		
Current liabilities	1,407,474	4,551,177
Long-term liabilities	<u>5,856,474</u>	<u>6,165,736</u>
Total liabilities	<u>7,263,948</u>	<u>10,716,913</u>
Deferred inflows of resources	<u>3,389,858</u>	<u>3,560,159</u>
Total liabilities and deferred inflows of resources	<u>10,653,806</u>	<u>14,277,072</u>
<u>Net Position</u>		
Net investment in capital assets	33,546,479	27,353,708
Restricted	2,320,054	14,525,024
Unrestricted	<u>11,781,069</u>	<u>4,624,475</u>
Total net position	<u>\$ 47,647,602</u>	<u>\$ 46,503,207</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities and deferred inflows of resources by \$47,647,602. Of this total, \$11,781,069 is unrestricted in use.

At year-end, capital assets represented 65.99% of total assets. Capital assets include land, construction in progress, buildings and building improvements, furniture, fixtures and equipment and vehicles. Net investment in capital assets at June 30, 2013, was \$33,546,479. These capital assets are used to provide services to the students and are not available for future spending.

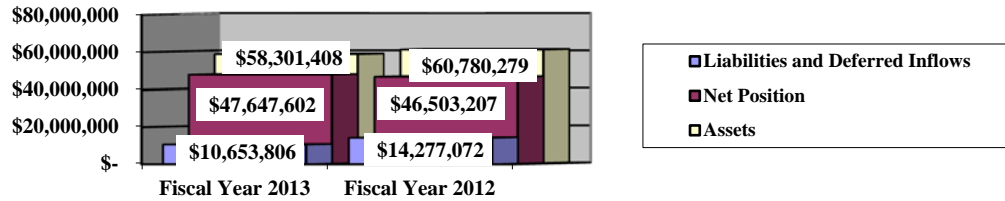
A portion of the District's net position, \$2,320,054, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$11,781,069 may be used to meet the District's ongoing obligations to the students and creditors.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The table below presents the District's governmental activities liabilities and deferred inflows, net position and assets as of June 30, 2013 and June 30, 2012. Prior year amounts have been adjusted to conform to current year reporting requirements due to the implementation of new GASB requirements.

Governmental Activities



The table below shows the change in net position for fiscal year 2013 and 2012.

Change in Net Position

	Governmental Activities 2013	Governmental Activities 2012
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 929,898	\$ 1,077,335
Operating grants and contributions	1,590,984	1,556,096
General revenues:		
Property taxes	4,312,157	3,064,677
Grants and entitlements	8,315,036	8,498,377
Investment earnings	74,315	196,567
Other	176,492	111,385
Total revenues	<u>15,398,882</u>	<u>14,504,437</u>

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Change in Net Position

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	161,045	190,728
Special	185,935	124,761
Vocational	8,506,398	8,766,620
Adult/continuing	616,131	630,340
Support services:		
Pupil	577,195	659,077
Instructional staff	816,367	757,604
Board of education	46,946	106,571
Administration	968,127	926,575
Fiscal	528,505	541,286
Operations and maintenance	1,359,042	1,373,124
Pupil transportation	66,208	60,360
Operations of non-instructional services:		
Other non-instructional services	2,346	66,596
Food service operations	229,515	172,235
Extracurricular activities	14,614	9,366
Interest and fiscal charges	<u>176,113</u>	<u>120,286</u>
Total expenses	<u>14,254,487</u>	<u>14,505,529</u>
Change in net position	1,144,395	(1,092)
Net position at beginning of year	<u>46,503,207</u>	<u>46,504,299</u>
Net position at end of year	<u>\$ 47,647,602</u>	<u>\$ 46,503,207</u>

Governmental Activities

Net position of the District's governmental activities increased \$1,144,395. Total governmental expenses of \$14,254,487 were offset by program revenues of \$2,520,882 and general revenues of \$12,878,000. Program revenues supported 17.68% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These revenue sources represent 82.00% of total governmental revenue.

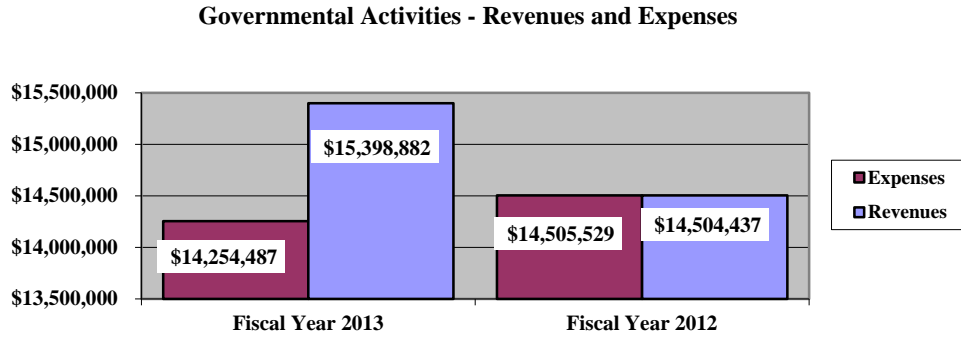
Property tax revenue increased \$1,247,480 or 40.71% from the prior year. This increase is due mainly to more tax advances being available and more delinquencies being owed to the District at the end of fiscal year 2013.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$9,469,509 or 66.43% of total governmental expenses for fiscal year 2013.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2013 and 2012.



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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 161,045	\$ 161,045	\$ 190,728	\$ 190,728
Special	185,935	185,935	124,761	124,761
Vocational	8,506,398	7,079,793	8,766,620	7,324,134
Adult/continuing	616,131	(15,751)	630,340	(57,167)
Support services:				
Pupil	577,195	493,655	659,077	575,583
Instructional staff	816,367	670,444	757,604	625,385
Board of education	46,946	46,946	106,571	106,571
Administration	968,127	941,041	926,575	897,180
Fiscal	528,505	528,505	541,286	541,286
Operations and maintenance	1,359,042	1,309,503	1,373,124	1,282,296
Pupil transportation	66,208	66,208	60,360	60,360
Operations of non-instructional services:				
Other non-instructional services	2,346	2,346	66,596	66,412
Food service operations	229,515	73,208	172,235	4,917
Extracurricular activities	14,614	14,614	9,366	9,366
Interest and fiscal charges	176,113	176,113	120,286	120,286
Total expenses	<u>\$ 14,254,487</u>	<u>\$ 11,733,605</u>	<u>\$ 14,505,529</u>	<u>\$ 11,872,098</u>

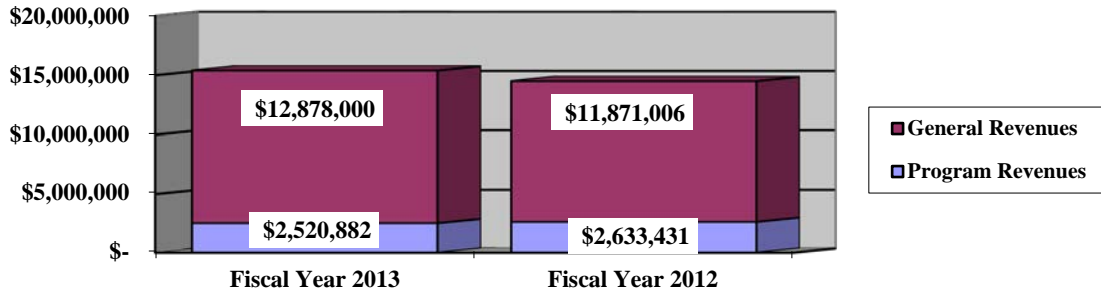
The dependence upon tax and other general revenues for governmental activities is apparent; 78.26% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.32%. The District's taxpayers and State funding are the primary support for District's students.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The graph below presents the District's governmental activities revenue for fiscal year 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$13,784,805, which is lower than last year's total of \$18,759,644. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	Fund Balance (deficit) <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	Increase (decrease)	Percentage <u>Change</u>
General	\$ 5,877,041	\$ 5,405,872	\$ 471,169	8.72 %
Permanent Improvement	6,295,943	8,966,732	(2,670,789)	(29.79) %
Classroom Facilities	(91,873)	2,980,309	(3,072,182)	(103.08) %
Other Governmental	<u>1,703,694</u>	<u>1,406,731</u>	<u>296,963</u>	21.11 %
Total	<u>\$ 13,784,805</u>	<u>\$ 18,759,644</u>	<u>\$ (4,974,839)</u>	(26.52) %

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

General Fund

The District's general fund balance increased \$471,169 or 8.72%.

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

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 4,021,892	\$ 3,145,123	\$ 876,769	27.88 %
Earnings on investments	74,938	117,586	(42,648)	(36.27) %
Rent	35,797	90,828	(55,031)	(60.59) %
Classroom materials and fees	98,970	113,183	(14,213)	(12.56) %
Intergovernmental	9,115,216	9,298,557	(183,341)	(1.97) %
Other revenues	<u>504,264</u>	<u>417,159</u>	<u>87,105</u>	20.88 %
Total	<u>\$ 13,851,077</u>	<u>\$ 13,182,436</u>	<u>\$ 668,641</u>	5.07 %
<u>Expenditures</u>				
Instruction	\$ 8,285,599	\$ 8,546,233	\$ (260,634)	(3.05) %
Support services	3,761,523	4,099,413	(337,890)	(8.24) %
Extracurricular activities	14,614	9,366	5,248	56.03 %
Capital outlay	73,364	-	73,364	100.00 %
Debt service	<u>108,851</u>	<u>103,069</u>	<u>5,782</u>	5.61 %
Total	<u>\$ 12,243,951</u>	<u>\$ 12,758,081</u>	<u>\$ (514,130)</u>	(4.03) %

Tax revenue increased \$876,769 or 27.88% from the prior year. This increase is due mainly the fluctuations in the amount available for advances at the end of fiscal year 2013. Earnings on investments decreased \$42,648 or 36.27% from the prior year due to lower rates of return on the District's current portfolio of investments when compared to previous fiscal years. Rent revenue decreased \$55,031 or 60.59% from the prior year due mainly to not being able to rent the Vanguard facility during the current OSFC project. Other revenues increased \$87,105 or 20.88% from the prior fiscal year due mainly to more revenues being received from satellite programs and for miscellaneous fees. Capital outlay expenditures increased \$73,364 or 100.00% due to the inception of a capital lease for copier equipment in fiscal year 2013. All other revenues and expenditures remain comparable to the prior year.

Permanent Improvement Fund

The permanent improvement fund had \$813,742 in revenues and other financing sources and \$3,484,531 in expenditures. During fiscal year 2013, the permanent improvement fund's fund balance decreased \$2,670,789 from \$8,966,732 to \$6,295,943.

Classroom Facilities Fund

The classroom facilities fund had \$483,290 in revenues and \$3,555,472 in expenditures. During fiscal year 2013, the classroom facilities fund's fund balance decreased \$3,072,182 from \$2,980,309 to a deficit balance of \$91,873. This decrease was caused by the District's use of prior year bond proceeds and intergovernmental revenue to construct and renovate buildings as part of an OSFC project.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

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.

During the course of fiscal year 2013, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$13,789,665 and final budgeted revenues and other financing sources were \$13,747,518. Actual revenues and other financing sources for fiscal year 2013 were \$13,747,518.

General fund original appropriations (appropriated expenditures including other financing uses) were \$14,519,979 and the final appropriations were \$14,819,979. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$14,120,038, which was \$699,941 less than the final budget appropriations, due to controls on spending.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$38,474,598 invested in land, construction in progress, buildings and building improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2013 balances compared to 2012:

**Capital Assets at June 30, 2013
(Net of Depreciation)**

	Governmental Activities	
	2013	2012
Land	\$ 795,737	\$ 795,737
Construction in progress	30,750,499	24,560,380
Building and building improvements	6,129,219	6,453,787
Furniture, fixtures and equipment	770,951	534,992
Vehicles	28,192	37,095
Total	\$ 38,474,598	\$ 32,381,991

The overall increase in capital assets of \$6,092,607 is due to capital outlays of \$6,678,756 exceeding depreciation expense of \$586,006 and disposals of \$143 (net of accumulated depreciation) in the fiscal year.

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

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Debt Administration

At June 30, 2013, the District had \$4,755,000 in qualified school construction bond certificates of participation outstanding and \$61,936 in capital lease obligations outstanding. Of this total, \$369,022 is due within one year and \$4,447,914 is due in more than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Fiscal Year End

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
2010 Certificates of Participation	\$ 4,755,000	\$ 5,105,000
Capital lease obligations	<u>61,936</u>	<u>-</u>
Total	<u>\$ 4,816,936</u>	<u>\$ 5,105,000</u>

At June 30, 2013, the District's overall legal debt margin was \$252,528,760, and an unvoted debt margin of \$2,805,875.

See Note 10 to the basic financial statements for additional information on the District's long-term obligations.

Current Financial Related Activities

The District remains financially stable despite the uncertainty of future State funding. The District is primarily a residential/farming community covering 14 public school districts in nine northwest Ohio counties.

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

The District reached a new labor contract with its certified employees in December, 2011 for a three year period ending June 30, 2014.

Contacting the District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the District's finances and to show that the District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Mr. Alan Binger, Treasurer, Vanguard-Sentinel Career and Technology Centers, 1306 Cedar Street, Fremont, OH 43420-1197, or email at abinger@vsctc.org.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 14,447,517
Cash in segregated accounts	423
Receivables:	
Property taxes	4,385,814
Accounts	64,143
Accrued interest	31,092
Intergovernmental	826,356
Prepayments	60,151
Inventory held for resale	2,124
Materials and supplies inventory	9,190
Capital assets:	
Nondepreciable capital assets	31,546,236
Depreciable capital assets, net	6,928,362
Capital assets, net	38,474,598
Total assets	58,301,408
Liabilities:	
Accounts payable	77,811
Contracts payable	111,183
Accrued wages and benefits payable	1,000,277
Pension obligation payable	153,172
Intergovernmental payable	57,593
Accrued interest payable	7,438
Long-term liabilities:	
Due within one year	471,670
Due in more than one year	5,384,804
Total liabilities	7,263,948
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	3,389,858
Net position:	
Net investment in capital assets	33,546,479
Restricted for:	
Capital projects	657,150
Classroom facilities maintenance	1,084,958
Federally funded programs	454
Adult education	385,080
Expendable trust	108,180
Other purposes	84,232
Unrestricted	11,781,069
Total net position	\$ 47,647,602

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 161,045	\$ -	\$ -	\$ (161,045)
Special	185,935	-	-	(185,935)
Vocational	8,506,398	427,542	999,063	(7,079,793)
Adult/continuing.	616,131	402,767	229,115	15,751
Support services:				
Pupil.	577,195	-	83,540	(493,655)
Instructional staff	816,367	-	145,923	(670,444)
Board of education	46,946	-	-	(46,946)
Administration.	968,127	-	27,086	(941,041)
Fiscal.	528,505	-	-	(528,505)
Operations and maintenance	1,359,042	49,539	-	(1,309,503)
Pupil transportation.	66,208	-	-	(66,208)
Operation of non-instructional services:				
Other non-instructional services	2,346	-	-	(2,346)
Food service operations	229,515	50,050	106,257	(73,208)
Extracurricular activities.	14,614	-	-	(14,614)
Interest and fiscal charges	176,113	-	-	(176,113)
Total governmental activities	\$ 14,254,487	\$ 929,898	\$ 1,590,984	(11,733,605)
General revenues:				
Property taxes levied for				
General purposes				4,312,157
Grants and entitlements not restricted to specific programs.				8,315,036
Investment earnings				74,315
Miscellaneous				176,492
Total general revenues				12,878,000
Change in net position				1,144,395
Net position at beginning of year				46,503,207
Net position at end of year.				\$ 47,647,602

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 6,263,886	\$ 6,407,126	\$ 6,298	\$ 1,770,207	\$ 14,447,517
Cash in segregated accounts	423	-	-	-	423
Receivables:					
Property taxes	4,385,814	-	-	-	4,385,814
Accounts	43,978	-	-	20,165	64,143
Intergovernmental	18,518	-	749,023	58,815	826,356
Accrued interest	31,092	-	-	-	31,092
Interfund loans	113,171	-	-	-	113,171
Prepayments	56,744	-	-	3,407	60,151
Materials and supplies inventory	-	-	-	9,190	9,190
Inventory held for resale	2,124	-	-	-	2,124
Total assets	<u>\$ 10,915,750</u>	<u>\$ 6,407,126</u>	<u>\$ 755,321</u>	<u>\$ 1,861,784</u>	<u>\$ 19,939,981</u>
Liabilities:					
Accounts payable	\$ 76,016	\$ -	\$ -	\$ 1,795	\$ 77,811
Contracts payable	-	111,183	-	-	111,183
Accrued wages and benefits payable	908,494	-	-	91,783	1,000,277
Pension obligation payable	125,862	-	-	27,310	153,172
Interfund loans payable	-	-	98,171	15,000	113,171
Intergovernmental payable	52,016	-	-	5,577	57,593
Total liabilities	<u>1,162,388</u>	<u>111,183</u>	<u>98,171</u>	<u>141,465</u>	<u>1,513,207</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	3,389,858	-	-	-	3,389,858
Delinquent property tax revenue not available	462,414	-	-	-	462,414
Accrued interest not available	24,049	-	-	-	24,049
Intergovernmental revenue not available	-	-	749,023	16,625	765,648
Total deferred inflows of resources	<u>3,876,321</u>	<u>-</u>	<u>749,023</u>	<u>16,625</u>	<u>4,641,969</u>
Fund balances:					
Nonspendable:					
Inventory	2,124	-	-	9,190	11,314
Prepays	56,744	-	-	3,407	60,151
Restricted:					
Vocational education	-	-	-	108,180	108,180
Adult education	-	-	-	428,450	428,450
Classroom facilities maintenance	-	-	-	1,088,980	1,088,980
Food service operations	-	-	-	82,329	82,329
Committed:					
Student instruction	396,153	-	-	-	396,153
Student and staff support	450	-	-	-	450
Assigned:					
Student instruction	121,524	-	-	-	121,524
Student and staff support	90,541	-	-	-	90,541
Uniform school supplies	15,356	-	-	-	15,356
Public school support	22,161	-	-	-	22,161
Subsequent year's appropriations	36,324	-	-	-	36,324
Debt service	-	4,755,000	-	-	4,755,000
Capital improvements	-	1,540,943	-	-	1,540,943
Other purposes	166,505	-	-	-	166,505
Unassigned (deficit)	4,969,159	-	(91,873)	(16,842)	4,860,444
Total fund balances (deficit)	<u>5,877,041</u>	<u>6,295,943</u>	<u>(91,873)</u>	<u>1,703,694</u>	<u>13,784,805</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,915,750</u>	<u>\$ 6,407,126</u>	<u>\$ 755,321</u>	<u>\$ 1,861,784</u>	<u>\$ 19,939,981</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total governmental fund balances		\$	13,784,805
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			38,474,598
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	462,414	
Accrued interest receivable		24,049	
Intergovernmental receivable		765,648	
Total		765,648	1,252,111
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(7,438)
Long-term liabilities, including certificates of participation and capital lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.			
2010 Certificates of participation		4,755,000	
Capital lease obligations		61,936	
Compensated absences		1,039,538	
Total		5,856,474	(5,856,474)
Net position of governmental activities		\$	47,647,602

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 4,021,892	\$ -	\$ -	\$ -	\$ 4,021,892
Tuition	-	-	-	402,767	402,767
Earnings on investments	74,938	-	2,127	536	77,601
Charges for services	-	-	-	50,050	50,050
Classroom materials and fees	98,970	-	-	-	98,970
Rental income	35,797	13,742	-	-	49,539
Contributions and donations	10,350	-	-	-	10,350
Contract services	89,088	-	-	-	89,088
Other local revenues	404,826	-	800	9,966	415,592
Intergovernmental - state	9,115,216	-	480,363	233,212	9,828,791
Intergovernmental - federal	-	-	-	530,465	530,465
Total revenues	<u>13,851,077</u>	<u>13,742</u>	<u>483,290</u>	<u>1,226,996</u>	<u>15,575,105</u>
Expenditures:					
Current:					
Instruction:					
Regular	161,045	-	-	-	161,045
Special	185,148	-	-	-	185,148
Vocational	7,939,406	-	-	199,491	8,138,897
Adult/continuing	-	-	-	578,205	578,205
Support services:					
Pupil	468,599	-	-	83,802	552,401
Instructional staff	632,795	-	-	147,127	779,922
Board of education	46,946	-	-	-	46,946
Administration	868,117	-	-	27,249	895,366
Fiscal	492,457	-	-	-	492,457
Operations and maintenance	1,186,401	-	-	138,983	1,325,384
Pupil transportation	66,208	-	-	-	66,208
Operation of non-instructional services:					
Food service operations	-	-	-	161,951	161,951
Extracurricular activities	14,614	-	-	-	14,614
Facilities acquisition and construction	-	3,134,531	3,555,472	-	6,690,003
Capital outlay	73,364	-	-	-	73,364
Debt service:					
Principal retirement	9,539	350,000	-	1,889	361,428
Interest and fiscal charges	99,312	-	-	657	99,969
Total expenditures	<u>12,243,951</u>	<u>3,484,531</u>	<u>3,555,472</u>	<u>1,339,354</u>	<u>20,623,308</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,607,126</u>	<u>(3,470,789)</u>	<u>(3,072,182)</u>	<u>(112,358)</u>	<u>(5,048,203)</u>
Other financing sources (uses):					
Transfers in	-	800,000	-	409,321	1,209,321
Transfers (out)	(1,209,321)	-	-	-	(1,209,321)
Capital lease transaction	73,364	-	-	-	73,364
Total other financing sources (uses)	<u>(1,135,957)</u>	<u>800,000</u>	<u>-</u>	<u>409,321</u>	<u>73,364</u>
Net change in fund balances	471,169	(2,670,789)	(3,072,182)	296,963	(4,974,839)
Fund balances at beginning of year	<u>5,405,872</u>	<u>8,966,732</u>	<u>2,980,309</u>	<u>1,406,731</u>	<u>18,759,644</u>
Fund balances at end of year (deficit)	<u>\$ 5,877,041</u>	<u>\$ 6,295,943</u>	<u>\$ (91,873)</u>	<u>\$ 1,703,694</u>	<u>\$ 13,784,805</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ (4,974,839)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Capital asset additions	\$ 6,678,756	
Current year depreciation	(586,006)	
Total	6,092,750	6,092,750

The net effect of various miscellaneous transactions involving
capital assets (i.e., sales, disposals, trade-ins, and donations) is to
decrease net position. (143)

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

Property taxes	290,265	
Earnings on investments	(2,750)	
Intergovernmental	(463,738)	
Total	(176,223)	(176,223)

Repayment of certificates of participation and capital lease principal is
an expenditure in the governmental funds, but the repayment reduces
long-term liabilities on the statement of net position.

Certificates of participation	350,000	
Capital leases	11,428	
Total	361,428	361,428

Issuances of capital leases are recorded as other financing sources in
in the funds; however, in the statement of activities, they are not
reported as other financing sources as they increase liabilities on
the statement of net position. (73,364)

In the statement of activities, interest is accrued on outstanding certificates
of participation, whereas in governmental funds, an interest expenditure is
reported when due. The following items resulted in additional interest being
reported in the statement of activities:

Decrease in accrued interest payable	573	
Elimination of unamortized certificates of participation issue costs	(76,717)	
Total	(76,144)	(76,144)

Some expenses reported in the statement of activities,
such as compensated absences, do not require the use of current
financial resources and therefore are not reported as expenditures
in governmental funds. (9,070)

Change in net position of governmental activities \$ 1,144,395

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 4,052,177	\$ 4,023,030	\$ 3,986,481	\$ (36,549)
Earnings on investments	240,000	242,000	93,624	(148,376)
Classroom materials and fees	68,000	68,000	95,097	27,097
Rental income	83,851	83,851	37,985	(45,866)
Other local revenues	344,000	344,000	373,946	29,946
Intergovernmental - state	8,956,637	8,956,637	9,115,216	158,579
Total revenues	<u>13,744,665</u>	<u>13,717,518</u>	<u>13,702,349</u>	<u>(15,169)</u>
Expenditures:				
Current:				
Instruction:				
Regular	163,958	161,381	159,887	1,494
Special	130,949	195,545	194,345	1,200
Vocational	8,544,183	8,704,536	8,389,035	315,501
Support services:				
Pupil	557,052	539,670	510,035	29,635
Instructional staff	639,052	637,051	634,487	2,564
Board of education	147,622	133,884	76,959	56,925
Administration	918,027	894,345	868,984	25,361
Fiscal	532,324	522,594	501,917	20,677
Operations and maintenance	1,699,822	1,558,292	1,284,935	273,357
Pupil transportation	119,621	107,225	73,485	33,740
Extracurricular activities	10,138	10,000	7,480	2,520
Debt service:				
Interest and fiscal charges	97,910	96,135	95,997	138
Total expenditures	<u>13,560,658</u>	<u>13,560,658</u>	<u>12,797,546</u>	<u>763,112</u>
Excess of revenues over expenditures	<u>184,007</u>	<u>156,860</u>	<u>904,803</u>	<u>747,943</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	350	350
Transfers (out)	(909,321)	(1,209,321)	(1,209,321)	-
Advances in	40,000	25,000	25,000	-
Advances (out)	(50,000)	(50,000)	(113,171)	(63,171)
Sale of capital assets	5,000	5,000	19,819	14,819
Total other financing sources (uses)	<u>(914,321)</u>	<u>(1,229,321)</u>	<u>(1,277,323)</u>	<u>(48,002)</u>
Net change in fund balance	(730,314)	(1,072,461)	(372,520)	699,941
Fund balance at beginning of year	4,962,022	4,962,022	4,962,022	-
Prior year encumbrances appropriated	800,933	800,933	800,933	-
Fund balance at end of year	<u>\$ 5,032,641</u>	<u>\$ 4,690,494</u>	<u>\$ 5,390,435</u>	<u>\$ 699,941</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
JUNE 30, 2013**

	Agency
Assets:	
Equity in pooled cash and investments	\$ 54,605
Receivables:	
Accounts	357
Total assets.	\$ 54,962
 Liabilities:	
Accounts payable.	\$ 387
Due to students.	54,575
Total liabilities	\$ 54,962

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

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

The District serves an area of approximately 1600 square miles with an enrollment of 937 students. The District employed 14 administrative and supervisory personnel, 81 certified employees and 32 non-certificated employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

The Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-six area 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 the administrative and instructional functions among members. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions. The NOECA assembly consists of a superintendent from each participating school and 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 schools are located. The degree of control exercised by any participating school is limited to its representation on the Board. The District paid \$25,083 to NOECA for services during fiscal year 2013. Financial information can be obtained by contacting Matthew Bauer, who serves as controller, at 219 Howard Drive, Sandusky, Ohio 44870.

INSURANCE POOLS

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

The District participated in a group rating plan for workers' compensation through December 31, 2012, 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.

Better Business Bureau of Central Ohio's Workers' Compensation Group Retrospective Rating Plan

The District participates in the Better Business Bureau Group Retrospective Rating Plan Program (the "GRP"), an insurance purchasing pool. The GRP's business and affairs are conducted by Sheakley Uniservice Inc. Sheakley Uniservice Inc. serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. Refer to Note 11 for further information on the GRP.

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 (the "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 will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$250,000 and aggregate claims in excess of 120 percent of expected claims.

B. Basis of Presentation and Measurement Focus

The District's basic financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current asset, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on 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 statements for governmental funds.

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

C. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

GOVERNMENTAL FUNDS

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

General fund - The general fund is used to account for and report 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.

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

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. 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. The District has no trust funds. 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.

D. Basis of Accounting

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

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 a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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 an 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 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 a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, accrued interest not available and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. 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. 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,

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

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 in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2013, investments were limited to non-negotiable certificates of deposit, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), and federal agency securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2013. 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 shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. 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 2013 amounted to \$74,938, which includes \$50,100 assigned from other District funds.

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

G. Prepayments

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

H. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market 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.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

I. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2013, the balance in the budget stabilization reserve was \$615,909. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

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 position but are not reported on the fund financial statements.

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

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

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

K. Interfund Balances

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

L. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The District records a liability for accumulated unused sick leave for all employees with at least twenty years of service or any amount of service and at least forty-five years of age.

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

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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. Certificates of participation and leases are recognized as a liability on the fund financial statements when due.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 amount restricted for other purposes represents amounts restricted for food service operations.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

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

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

P. Interfund Activity

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

Interfund activities between governmental funds are eliminated in the statement of activities.

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 2013.

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.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to deferred inflows of resources and (2) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Major fund</u>	<u>Deficit</u>
Classroom facilities	\$ 91,873
<u>Nonmajor fund</u>	
Vocational education	16,228

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

NOTE 4 - 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 that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the 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.

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, 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 \$423 in change funds on hand which is included on the financial statements of the District as part of "cash in segregated accounts."

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$12,516,492. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$8,670,838 of the District's bank balance of \$12,741,976 was exposed to custodial risk as discussed below, while \$4,071,138 was covered by the FDIC.

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 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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2013, the District had the following investments and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>17 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 150	\$ 150	\$ -	\$ -	\$ -	\$ -
FHLB	1,985,480	-	1,001,680	-	-	983,800
Total	<u>\$ 1,985,630</u>	<u>\$ 150</u>	<u>\$ 1,001,680</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983,800</u>

The weighted average maturity of investments is 2.97 years.

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Moody's Investor Services and Standard and Poor's, respectively. Standard and Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not address investment credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

Concentration of Credit Risk: The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 150	0.01
FHLB	1,985,480	99.99
Total	<u>\$ 1,985,630</u>	<u>100.00</u>

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$12,516,492
Investments	1,985,630
Cash on hand	<u>423</u>
 Total	 <u>\$14,502,545</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$14,447,940
Agency funds	<u>54,605</u>
 Total	 <u>\$14,502,545</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2013 as reported on the fund financial statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Classroom facilities	\$ 98,171
General fund	Adult basic literacy education (a nonmajor governmental fund)	<u>15,000</u>
Total		<u>\$ 113,171</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- B. Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent improvement	\$ 800,000
Classroom facilities maintenance (a nonmajor governmental fund)	<u>409,321</u>
Total	<u>\$ 1,209,321</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The 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, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$533,542 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$498,131 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,745,126,490	95.54	\$2,674,222,230	95.31
Public utility personal	<u>128,186,530</u>	<u>4.46</u>	<u>131,652,880</u>	<u>4.69</u>
Total	<u>\$ 2,873,313,020</u>	<u>100.00</u>	<u>\$2,805,875,110</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$1.60		 \$1.60	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 4,385,814
Accounts	64,143
Accrued interest	31,092
Intergovernmental	<u>826,356</u>
Total	<u>\$ 5,307,405</u>

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

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance			Balance
	<u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/13</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 795,737	\$ -	\$ -	\$ 795,737
Construction in progress	24,560,380	6,190,119	-	30,750,499
Total nondepreciable capital assets	<u>25,356,117</u>	<u>6,190,119</u>	<u>-</u>	<u>31,546,236</u>
Depreciable capital assets:				
Buildings and building improvements	16,063,205	-	-	16,063,205
Furniture, fixtures and equipment	4,084,418	488,637	(86,821)	4,486,234
Vehicles	580,697	-	-	580,697
Total depreciable capital assets	<u>20,728,320</u>	<u>488,637</u>	<u>(86,821)</u>	<u>21,130,136</u>
Less: accumulated depreciation				
Buildings and building improvements	(9,609,418)	(324,568)	-	(9,933,986)
Furniture, fixtures and equipment	(3,549,426)	(252,535)	86,678	(3,715,283)
Vehicles	(543,602)	(8,903)	-	(552,505)
Total accumulated depreciation	<u>(13,702,446)</u>	<u>(586,006)</u>	<u>86,678</u>	<u>(14,201,774)</u>
Governmental activities capital assets, net	<u>\$ 32,381,991</u>	<u>\$ 6,092,750</u>	<u>\$ (143)</u>	<u>\$ 38,474,598</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Vocational	\$ 452,500
Adult/continuing	12,286
<u>Support services:</u>	
Pupil	7,966
Administration	15,498
Fiscal	11,793
Operations and maintenance	17,194
Operation of non-instructional services	66,423
Food service operations	<u>2,346</u>
Total depreciation expense	<u>\$ 586,006</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2013 the District entered into lease agreements to acquire copiers and copier equipment. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of equipment have been capitalized in the amount of \$73,364. Accumulated depreciation as of June 30, 2013 was \$14,673, leaving a current book value of \$58,691. Principal and

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE – (Continued)

interest payments of \$9,539 and \$3,315, respectively, were paid from the general fund and \$1,889 and \$657, respectively, were paid from the adult education fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the lease agreement and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 16,800
2015	16,801
2016	16,800
2017	16,800
2018	<u>1,400</u>
Total minimum lease payments	68,601
Less: amount representing interest	<u>(6,665)</u>
Total	<u>\$ 61,936</u>

NOTE 10 - LONG-TERM OBLIGATIONS

During fiscal year 2013, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/13</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
2010 Certificates of participation	\$ 5,105,000	\$ -	\$ (350,000)	\$ 4,755,000	\$ 355,000
Capital lease	-	73,364	(11,428)	61,936	14,022
Compensated absences	<u>1,060,736</u>	<u>190,236</u>	<u>(211,434)</u>	<u>1,039,538</u>	<u>102,648</u>
Total long-term obligations, governmental activities	<u>\$ 6,165,736</u>	<u>\$ 263,600</u>	<u>\$ (572,862)</u>	<u>\$ 5,856,474</u>	<u>\$ 471,670</u>

2010 Certificates of Participation - On December 18, 2009, the District issued certificates of participation in the amount of \$5,783,812, to construct and renovate buildings. The debt was issued in accordance with the American Recovery and Reinvestment Act of 2009, which provides for federal tax credits for the holders of debt in lieu of interest payments. This reduces the issuers cost of borrowing. This debt was issued for a fifteen year period, with final maturity during fiscal year 2025. The debt will be retired through the Permanent Improvement capital project fund.

The debt maturing on December 16, 2024 is subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal and interest amounts as follows:

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2013, were as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)

Fiscal Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 355,000	\$ 89,261	\$ 444,261
2015	365,000	82,241	447,241
2016	370,000	75,075	445,075
2017	375,000	67,811	442,811
2018	385,000	60,401	445,401
2019 - 2023	2,035,000	185,690	2,220,690
2024 - 2025	870,000	17,063	887,063
Total	<u>\$ 4,755,000</u>	<u>\$ 577,542</u>	<u>\$ 5,332,542</u>

Compensated absences will be paid from the general fund, food service, adult education, ABLE and VEPD special revenue funds.

Legal Debt Margin: The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$252,528,760 and an unvoted debt margin of \$2,805,875.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 11 - 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 2013, the District contracted for the following insurance coverage:

Coverage provided by Governmental Underwriters of America, Inc.

Buildings and Contents - replacement costs (\$1,000 deductible)	\$ 61,190,980
 <u>Commercial Auto Coverage</u>	
Liability	1,000,000
Uninsured/Underinsured Motorist	1,000,000
Medical Payments	5,000
 <u>General Liability</u>	
Bodily Injury and Property Damage	3,000,000
Products/Completed Operations	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence Limit	1,000,000
Damage to Premises Rented to You	500,000
Employers Benefits	Included
 <u>Educators' Legal Liability</u>	
Each Wrongful Act	1,000,000
Annual Aggregate	3,000,000
Excess Liability Each Occurrence/Annual Aggregate	4,000,000

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 the first six months fiscal year 2013, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Group Rating Plan), an insurance purchasing pool. The intent of the Group Rating Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Group Rating Plan. Participants in the Group Rating Plan 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 Group Rating Plan tier rather than its individual rate. Participation in the Group Rating Plan is limited to school districts that can meet the Group Rating Plan's selection criteria. The firm CompManagement, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Group Rating Plan.

Beginning January 1, 2013, the District participated in the Sheakley/Better Business Bureau of Central Ohio's Workers' Compensation Group Retrospective Rating Program (GRP). The intent of the GRP program is to achieve the benefit of a reduced net premium for the District by virtue of its grouping and representation with other participants in the program. The program differs from a group rating plan in that the District pays its initial premiums based on the individual rating of the District and then earns refunds distributed over a three-year period based on the performance of the entire group of participants. Employer membership in the group is limited to schools and libraries.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the 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 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$193,060, \$188,608 and \$170,109, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications*".

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 12 - PENSION PLANS - (Continued)

are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2013, 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 recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$832,898, \$862,954 and \$883,552, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$30,535 made by the District and \$21,811 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that

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NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$24,188, \$29,774 and \$42,203, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$10,906, \$11,138 and \$10,947, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$64,069, \$66,381 and \$67,965, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

NOTE 14 - 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 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 sixty days for classified and administrative personnel. Upon retirement, payment is made for twenty-eight percent (28%) of the value of employee's accrued but unused sick leave days. Employees must have seven years of service in the District.

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(Continued)

NOTE 14 - OTHER EMPLOYEE BENEFITS – (Continued)

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 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (372,520)
Net adjustment for revenue accruals	23,402
Net adjustment for expenditure accruals	(6,188)
Net adjustment for other sources/uses	141,366
Funds budgeted elsewhere	(395)
Adjustment for encumbrances	685,504
GAAP basis	\$ 471,169

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

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

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 effect on the financial position of the District.

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	157,495
Current year qualifying expenditures	<u>(157,495)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

In prior fiscal years, the District issued \$5,783,812 in capital related school improvement notes. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from note proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of note proceeds that may be used as an offset in future periods, which was \$5,783,812 at June 30, 2013.

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 614,721
Permanent improvement	148,032
Classroom facilities	90,148
Other governmental	<u>36,250</u>
Total	<u>\$ 889,151</u>

NOTE 19 - CONTRACTUAL COMMITMENTS

As of June 30, 2013, the District has commitments with the following companies for the construction project.

	<u>Contract Amount</u>	<u>Amount Paid as of June 30, 2013</u>	<u>Amount Remaining on Contract</u>
KF Construction	\$ 1,039,469	\$ 1,039,469	\$ -
VM Systems	1,835,667	1,835,228	439
Mosser Construction	2,002,122	2,002,120	2
Brint Electric	1,664,889	1,621,002	43,887
Marlin White	532,323	532,323	-
S.A. Comunale (Sentinel)	279,395	279,395	-
Cold Harbor	8,264,111	8,254,375	9,736
Warner Mechanical	4,466,527	4,407,527	59,000
Vaughn Industries	3,575,697	3,563,859	11,838
S.A. Comunale (Vanguard)	292,817	292,817	-
Midwest Environmental	135,625	130,404	5,221
Netech Corporation	734,825	710,747	24,078
Lake Erie Electric (Round Building)	41,230	41,230	-
The Spieker Co. (Round Building)	462,542	462,542	-
M&B Asphalt	220,550	175,000	45,550
CRT Technologies	468,191	464,101	4,090
Anese Masonry	15,000	15,000	-
Tom Sexton & Associates	258,060	255,864	2,196
School Specialty	16,597	16,597	-
Martin Public Seating	74,650	74,650	-
Vaughn Industries (Round Building)	187,324	187,324	-
All Aspects (Demo)	191,000	180,361	10,639
Clouse Electric (Button Up)	15,707	15,707	-
Warner Mechanical (Button Up)	87,092	80,024	7,068
KF Construction (Button Up)	234,628	211,409	23,219
Total	<u>\$ 27,096,038</u>	<u>\$ 26,849,075</u>	<u>\$ 246,963</u>

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 19 - CONTRACTUAL COMMITMENTS – (Continued)

The District and the Ohio School Facilities Commission (OSFC) entered into a Master Facilities Plan that calls for the addition of approximately 69,000 square feet to the present Tech Center and the renovation of the present Tech Center and Sentinel Tech Center. The OSFC currently estimates the total budget for the project is \$30,536,509. To date the District has expended approximately \$29,678,074 for related costs.

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**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Nutrition Cluster:			
National School Lunch Program			
Non-Cash Assistance (Food Distribution)	10.555	\$ 14,700	\$ 14,700
Cash Assistance		<u>67,234</u>	<u>67,234</u>
Total National School Lunch Program		<u>81,934</u>	<u>81,934</u>
School Breakfast Program	10.553	<u>21,781</u>	<u>21,781</u>
Total U.S. Department of Agriculture - Nutrition Cluster		<u>103,715</u>	<u>103,715</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program:</i>			
Federal Pell Grant Program	84.063	103,570	103,570
<i>Passed Through Ohio Department of Education:</i>			
Adult Education - Basic Grants to States	84.002	192,949	191,163
Career and Technical Education - Basic Grants to States	84.048	288,028	288,888
Improving Teacher Quality State Grants	84.367	<u>8,922</u>	<u>8,922</u>
Total U. S. Department of Education		<u>593,469</u>	<u>592,543</u>
Total Federal Awards Receipt and Expenditure Schedule		<u><u>\$ 697,184</u></u>	<u><u>\$ 696,258</u></u>

The accompanying notes are an integral part of this schedule.

**VANGUARD–SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipt and Expenditure Schedule (the Schedule) reports Vanguard-Sentinel Career and Technology Centers (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends Federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 4, 2014 wherein we noted the District implemented the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 4, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Vanguard-Sentinel Career and Technology Centers complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 4, 2014

**VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.048 – Career and Technical Education – Basic Grants to States
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Revised Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District) has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board amended its anti-harassment policy at its meeting on September 16, 2010 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 4, 2014

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Dave Yost • Auditor of State

VANGUARD-SENTINEL CAREER AND TECHNOLOGY 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
MARCH 18, 2014**