



Dave Yost • Auditor of State



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

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 Vantage Career Center, Van Wert County, Ohio (the Career Center), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center'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 Career Center'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 Career Center'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 Vantage Career Center, Van Wert County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof 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 December 31, 2013, the Career Center 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*. Our opinion is not modified with respect to these matters.

**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 Career Center's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Disbursements 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 the 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, the 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 February 3, 2014, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Career Center'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

February 3, 2014

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**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

The discussion and analysis of the Vantage Career Center (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities decreased \$721,482 which represents a 2.44% decrease from 2012 net position as restated in Note 3.A.
- General revenues accounted for \$8,310,719 in revenue or 78.79% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,237,241 or 21.21% of total revenues of \$10,547,960.
- The Career Center had \$9,824,068 in expenses related to governmental activities; only \$2,237,241 of these expenses was offset by program specific charges for services, grants or contributions. The District also had a special item to record a loss on disposal of building of \$1,445,374. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,310,719 were not adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund, bond retirement fund, building fund and classroom facilities fund. The general fund had \$7,461,776 in revenues and \$6,441,756 in expenditures and other financing uses. The general fund's fund balance increased \$1,020,020 from a balance of \$3,634,592 to \$4,654,612.
- The bond retirement fund had \$1,438,790 in revenues and \$1,367,305 in expenditures. The bond retirement fund's fund balance increased \$71,485 from \$785,884 to \$857,369.
- The building fund had \$2,641 in revenues and \$2,404,947 in expenditures. The building fund's fund balance decreased \$2,402,306 from \$2,427,272 to \$24,966.
- The classroom facilities fund had \$832,032 in revenues and \$5,652,050 in expenditures. The classroom facilities fund balance decreased \$4,820,018 from \$5,446,490 to \$626,472.

**Using the Basic Financial Statements (BFS)**

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

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**Reporting the Career Center as a Whole**

***Statement of Net Position and the Statement of Activities***

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

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

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

The Career Center's statement of net position and statement of activities can be found on pages 15-16 of this report.

**Reporting the Career Center's Most Significant Funds**

***Fund Financial Statements***

The analysis of the Career Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, bond retirement fund, building fund, and classroom facilities fund.

***Governmental Funds***

All of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17 & 19 of this report.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**Reporting the Career Center's Fiduciary Responsibilities**

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 2G. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 2H-5€ of this report.

**The Career Center as a Whole**

Certain asset, deferred outflow, liability, deferred inflow, and net position classifications have been restated by the Career Center for fiscal year 2012 to conform to fiscal year 2013 presentation in accordance with GASB Statement No. 63 and GASB Statement No. 65. The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012.

<b>Net Position</b>		
	<b>Governmental Activities 2013</b>	<b>(Restated) Governmental Activities 2012</b>
<b>Assets:</b>		
Current assets	\$13,585,902	\$22,368,443
Capital assets, net	36,921,464	29,390,454
Total assets	50,507,366	51,758,897
<b>Liabilities:</b>		
Current liabilities	886,612	903,360
Long-term liabilities	17,066,498	17,640,580
Total liabilities	17,953,110	18,543,940
<b>Deferred inflows:</b>		
Property taxes levied for the next fiscal year	3,636,112	3,634,535
Payments in lieu of taxes levied for the next fiscal year	59,204	
Total deferred inflows	3,695,316	3,634,535
<b>Net Position:</b>		
Net investment in capital assets	20,560,934	16,916,196
Restricted	3,213,344	6,688,512
Unrestricted	5,084,662	5,975,714
Total net position	\$28,858,940	\$29,580,422

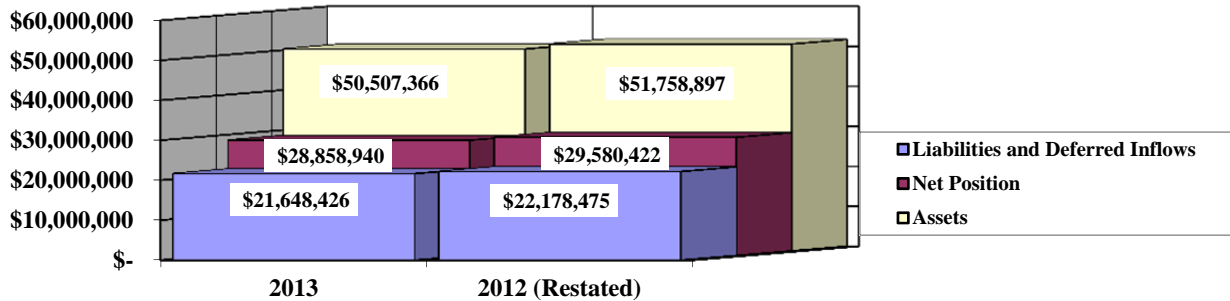
The decreases in current assets and restricted net position and the increases in capital assets and net investment in capital assets are a direct result of the Career Center's ongoing construction projects.

The table below provides a summary of the Career Center's governmental net position for 2013 and 2012:

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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



The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below shows the changes in net position for governmental activities for fiscal years 2013 and 2012.

**Change in Net position**

	<b>Governmental Activities 2013</b>	<b>(Restated) Governmental Activities 2012</b>
<b>Revenues:</b>		
<b>Program revenues:</b>		
Charges for services and sales	\$ 1,152,957	\$ 1,240,919
Operating grants and contributions	1,084,284	1,028,237
Capital grants and contributions		12,971
<b>General revenues:</b>		
Property taxes	3,807,544	4,064,789
Payments in lieu of taxes	29,602	
Grants and entitlements	4,420,748	4,494,939
Investment earnings	30,259	135,640
FMV adjustment		37,301
Miscellaneous	22,566	40,790
Total revenues	10,547,960	11,055,586
<b>Expenses:</b>		
<b>Program expenses:</b>		
<b>Instruction:</b>		
Vocational	4,710,853	4,764,129
Adult education	627,521	793,604

(Continued)

**VANTAGE CAREER CENTER  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
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**Change in Net position  
(Continued)**

	<b>Governmental Activities 2013</b>	<b>(Restated) Governmental Activities 2012</b>
<b>Expenses:</b>		
<b>Program expenses: (Continued)</b>		
<b>Support services:</b>		
Pupil	501,177	459,420
Instructional staff	281,442	292,781
Board of education	101,595	127,935
Administration	502,942	475,741
Fiscal	395,230	378,409
Business	28,002	28,380
Operations and maintenance	757,005	633,937
Pupil transportation	24,290	14,877
Central	735,364	554,867
<b>Operation of non-instructional services:</b>		
Other non-instructional services	33,810	9,491
Food service operations	193,476	268,036
Extracurricular activities	67,365	51,260
Interest and fiscal charges	863,996	876,358
Total expenses	<u>9,824,068</u>	<u>9,729,225</u>
Special item: Loss on disposal of building	<u>(1,445,374)</u>	
Changes in net position	(721,482)	1,326,361
Net position at beginning of year (restated)	<u>29,580,422</u>	<u>28,254,061</u>
Net position at end of year	<u><u>\$28,858,940</u></u>	<u><u>\$29,580,422</u></u>

**Governmental Activities**

Net position of the Career Center's governmental activities decreased \$721,482. Total governmental expenses of \$9,824,068 and a special item of \$1,445,374 were offset by program revenues of \$2,237,241 and general revenues of \$8,310,719. Program revenues supported 22.77% of the total governmental expenses.

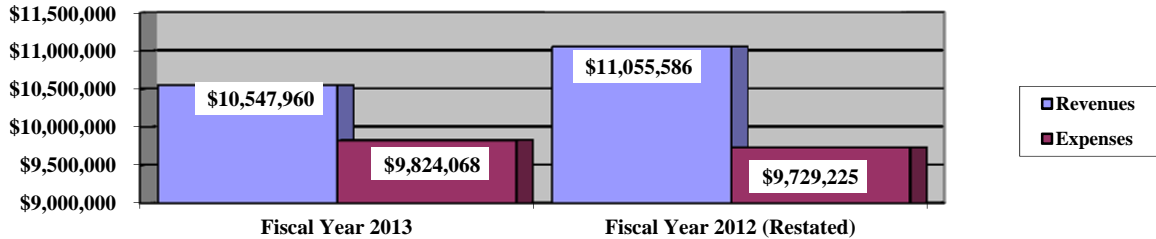
The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 78.01% of total governmental revenues. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions.

The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The graph below presents the District's governmental activities revenues and expenses for fiscal years 2013 and 2012.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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**Governmental Activities - Revenues and Expenses**



The net position of the Career Center was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

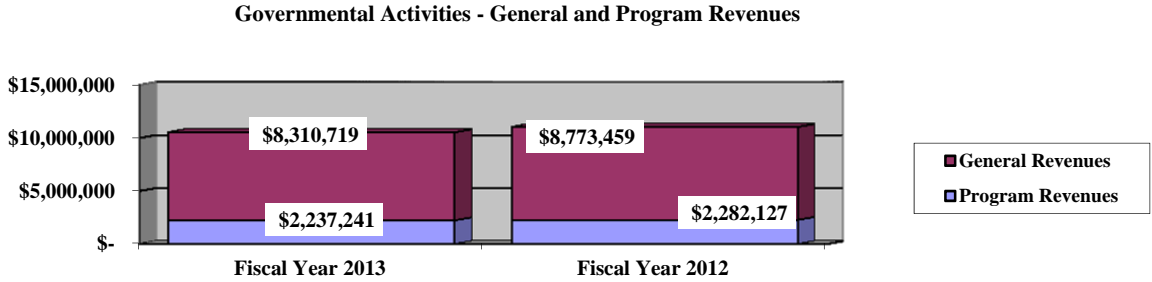
	<b>Total Cost of Services 2013</b>	<b>Net Cost of Services 2013</b>	<b>(Restated) Total Cost of Services 2012</b>	<b>(Restated) Net Cost of Services 2012</b>
<b>Program expenses:</b>				
<b>Instruction:</b>				
Vocational	\$4,710,853	\$3,575,552	\$4,764,129	\$3,625,852
Adult education	627,521	98,386	793,604	267,804
<b>Support services:</b>				
Pupil	501,177	321,286	459,420	299,538
Instructional staff	281,442	234,138	292,781	279,585
Board of Education	101,595	101,595	127,935	127,935
Administration	502,942	408,866	475,741	410,875
Fiscal	395,230	394,187	378,409	371,423
Business	28,002	9,811	28,380	(95,783)
Operations and maintenance	757,005	737,044	633,937	607,883
Pupil transportation	24,290	24,290	14,877	14,877
Central	735,364	727,331	554,867	552,378
<b>Operations of non-instructional services:</b>				
Other non-instructional services	33,810	33,810	9,491	9,491
Food service operations	193,476	(10,830)	268,036	47,998
Extracurricular activities	67,365	67,365	51,260	50,884
Interest and fiscal charges	863,996	863,996	876,358	876,358
<b>Total expenses</b>	<u>\$9,824,068</u>	<u>\$7,586,827</u>	<u>\$9,729,225</u>	<u>\$7,447,098</u>

The dependence upon tax revenues during fiscal year 2013 for governmental activities is apparent, as 68.82% of 2013 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 77.23% in 2013.

**VANTAGE CAREER CENTER  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The graph below presents the Career Center's governmental activities revenue for fiscal years 2013 and 2012.



**The Career Center's Funds**

The Career Center's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$8,651,516, which is lower than last year's total of \$16,404,028. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and 2012.

	<b>Fund Balance June 30, 2013</b>	<b>Fund Balance June 30, 2012</b>	<b>Increase (Decrease)</b>
General	\$4,654,612	\$ 3,634,592	\$1,020,020
Bond Retirement	857,369	785,884	71,485
Building	24,966	2,427,272	(2,402,306)
Classroom Facilities	626,472	5,446,490	(4,820,018)
Other Governmental	2,488,097	4,109,790	(1,621,693)
Total	<u>\$8,651,516</u>	<u>\$16,404,028</u>	<u>(\$7,752,512)</u>

**General Fund**

The Career Center's general fund balance increased \$1,020,020.

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

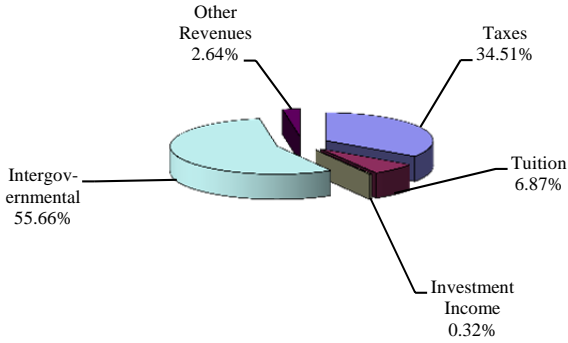
	<b>2013 Amount</b>	<b>2012 Amount</b>	<b>Percentage Change</b>
<b>Revenues:</b>			
Taxes	\$2,574,966	\$2,556,648	0.72 %
Tuition	512,465	507,565	0.97 %
Interest earnings	23,947	78,407	(69.46) %
Intergovernmental	4,153,456	4,195,427	(1.00) %
Other revenues	196,942	410,075	(51.97) %
Total	<u>\$7,461,776</u>	<u>\$7,748,122</u>	(3.70) %

Interest earnings decreased 69.46% due to a decrease in the amount of investments the District had during the fiscal year. Other revenue decreased primarily due to a decrease in rotary charges for services and contract services. All other revenue remained comparable to the prior fiscal year.

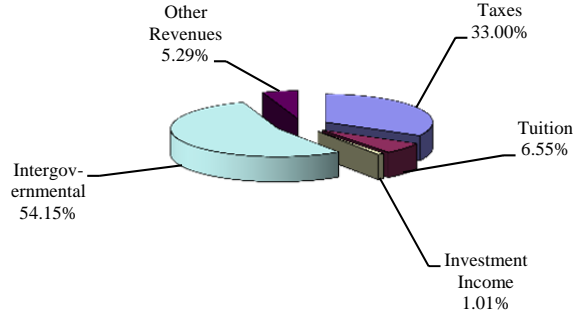
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED  
(Continued)**

**Revenues – Fiscal Year 2013**



**Revenues – Fiscal Year 2012**

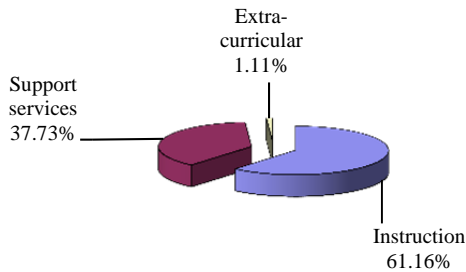


The table that follows assists in illustrating the expenditures of the general fund.

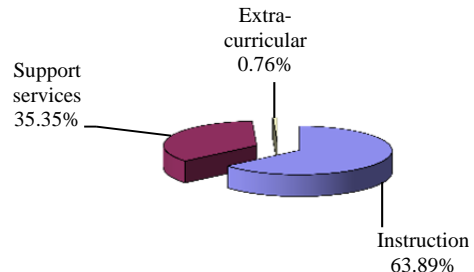
	<b>2013 Amount</b>	<b>2012 Amount</b>	<b>Percentage Change</b>
<b>Expenditures:</b>			
Instruction	\$3,726,147	\$4,260,104	(12.53) %
Support services	2,298,204	2,356,923	(2.49) %
Extracurricular activities	67,365	50,821	32.55 %
<b>Total</b>	<b>\$6,091,716</b>	<b>\$ 6,667,848</b>	<b>(8.64) %</b>

Instruction expenditures decreased 12.53% during the fiscal year primarily due to decreases in home economics education, business and office education, and trade and industrial education. Extracurricular activities increased due to an increase in vocational industrial clubs.

**Expenditures – Fiscal Year 2013**



**Expenditures – Fiscal Year 2012**



***Bond Retirement Fund***

The bond retirement fund had \$1,438,790 in revenues and \$1,367,305 in expenditures. The bond retirement fund's fund balance increased \$71,485 from \$785,884 to \$857,369



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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(Continued)**

***Building Fund***

The building fund had \$2,641 in revenues and \$2,404,947 in expenditures. The building fund's fund balance decreased \$2,402,306 from \$2,427,272 to \$24,966 due to the ongoing OSFC project.

***Classroom Facilities Fund***

The classroom facilities fund had \$832,032 in revenues and \$5,652,050 in expenditures. The classroom facilities fund balance decreased \$4,820,018 from \$5,446,490 to \$626,472 due to the ongoing OSFC project.

***General Fund Budgeting Highlights***

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

During the course of fiscal 2013, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources \$7,439,656 which were \$125,277 higher than original budget estimates of \$7,314,379. Actual revenues and other financing sources were \$7,421,440; this was \$18,216 lower than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$6,710,685 were decreased to \$6,573,885 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$6,476,039 which was \$97,846 less than the final budgeted appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2013, the Career Center had \$36,921,464 invested in land, land improvements, buildings/improvements, furniture/equipment and vehicles. The following table shows fiscal 2013 balances compared to 2012:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Land	\$ 40,000	\$ 40,000
Land improvements	702,978	19,456
Building/improvements	31,908,542	1,712,081
Furniture/equipment	4,182,057	2,185,135
Vehicles	87,887	45,421
Construction in progress		25,388,361
Total	\$36,921,464	\$29,390,454

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**Debt Administration**

At June 30, 2013 the Career Center had \$1,573 in capital lease obligations outstanding and \$16,455,000 in general obligation bonds payable. Of this total, \$466,573 is due within one year and \$15,990,000 is due in greater than one year. The following table summarizes the general obligation bonds and lease obligations outstanding.

	<b>Outstanding Debt, at Year End</b>	
	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
<b>General obligation bonds:</b>	\$16,455,000	\$16,915,000
Capital lease obligations	1,573	33,819
<b>Total</b>	<b>\$16,456,573</b>	<b>\$16,948,819</b>

At June 30, 2013 the Career Center's overall legal debt margin was \$89,758,026 with an un-voted debt margin of \$1,170,618.

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

**Current Financial Related Activity**

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

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

The Career Center's enrollment was stable for fiscal year 2013 and it appears fiscal year 2014 is going to remain. But as the Career Center looks to the future, the Board of Education and administration are actively looking at marketing strategies that will keep our enrollment increasing. The Career Center must provide education that meets the workforce needs. Just recently the Career Center partnered with MIAT and Northwest State Community College to offer classes to the adult student in Alternative Energy and Machine Trades. The high school is continuing to offer educational classes that prepare the student for the workforce as well as higher education.

On November 3, 2009 the Career Center's voters approved a 1.05 mill bond issue to fund additions and renovations to the existing facility. The total project is \$35.7 million and is co-funded by the State of Ohio through the Ohio School Facilities Commission. As of June 30, 2013 the project is 99 percent complete. The final walk through with Ohio School Facilities Commission will be November 14, 2013 to determine the final needs of the facility.

In closing, the financial outlook for the Career Center at this time is stable. The Board of Education is committed to providing the best possible education for high school and adult students.

**Contacting the Career Center's Financial Management**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$8,999,965
<b>Receivables:</b>	
Property taxes	4,203,803
Payment in lieu of taxes	59,204
Accounts	1,438
Accrued interest	2,777
Intergovernmental	182,226
Prepayments	57,499
Materials and supplies inventory	78,990
<b>Capital assets:</b>	
Land	40,000
Depreciable capital assets, net	36,881,464
Capital assets, net	36,921,464
Total assets	50,507,366
 <b>Liabilities:</b>	
Accounts payable	51,472
Contracts payable	152,661
Accrued wages and benefits	504,569
Pension obligation payable	74,256
Intergovernmental payable	33,540
Accrued interest payable	70,114
<b>Long-term liabilities:</b>	
Due within one year	548,083
Due in more than one year	16,518,415
Total liabilities	17,953,110
 <b>Deferred inflows:</b>	
Property taxes levied for the next fiscal year	3,636,112
Payments in lieu of taxes levied for the next fiscal year	59,204
Total deferred inflows of resources	3,695,316
 <b>Net position:</b>	
Net investment in capital assets	20,560,934
<b>Restricted for:</b>	
Capital projects	1,254,398
Classroom facilities maintenance	842,383
Debt service	847,079
Other purposes	269,484
Unrestricted	5,084,662
Total net position	\$28,858,940

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	
			<u>Governmental Activities</u>	
<b>Governmental activities:</b>				
<b>Instruction:</b>				
Vocational	\$4,710,853	\$586,923	\$548,378	(\$3,575,552)
Adult/continuing	627,521	323,046	206,089	(98,386)
<b>Support services:</b>				
Pupil	501,177		179,891	(321,286)
Instructional staff	281,442	21,138	26,166	(234,138)
Board of education	101,595			(101,595)
Administration	502,942	65,106	28,970	(408,866)
Fiscal	395,230	1,043		(394,187)
Business	28,002	18,191		(9,811)
Operations and maintenance	757,005	15,449	4,512	(737,044)
Pupil transportation	24,290			(24,290)
Central	735,364	6,009	2,024	(727,331)
<b>Operation of non-instructional services:</b>				
Other non-instructional services	33,810			(33,810)
Food service operations	193,476	116,052	88,254	10,830
Extracurricular activities	67,365			(67,365)
Interest and fiscal charges	863,996			(863,996)
<b>Total governmental activities</b>	<u>\$9,824,068</u>	<u>\$1,152,957</u>	<u>\$1,084,284</u>	<u>(7,586,827)</u>
<b>General revenues:</b>				
<b>Property taxes levied for:</b>				
General purposes				2,426,423
Debt service				944,576
Capital outlay				436,545
Payments in lieu of taxes				29,602
Grants and entitlements not restricted to specific programs				4,420,748
Investment earnings				30,259
Miscellaneous				22,566
<b>Total general revenues</b>				<u>8,310,719</u>
Special item: Loss on disposal of building				(1,445,374)
<b>Total general revenues and special item</b>				<u>6,865,345</u>
Change in net position				(721,482)
Net position at beginning of year (restated)				<u>29,580,422</u>
<b>Net position at end of year</b>				<u>\$28,858,940</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

	<b>General</b>	<b>Bond Retirement</b>	<b>Building</b>	<b>Classroom Facilities</b>	<b>Non-major Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>						
Equity in pooled cash and investments	\$4,884,665	\$776,190	\$65,550	\$723,870	\$2,549,690	\$8,999,965
<b>Receivables:</b>						
Property taxes	2,678,065	1,041,488			484,250	4,203,803
Payment in lieu of taxes	59,204					59,204
Accounts	1,424				14	1,438
Accrued interest	2,777					2,777
Interfund loans	10,000					10,000
Intergovernmental	18,157			155,937	8,132	182,226
Prepayments	57,499					57,499
Materials and supplies inventory	76,184				2,806	78,990
Total assets	<u>7,787,975</u>	<u>1,817,678</u>	<u>65,550</u>	<u>879,807</u>	<u>3,044,892</u>	<u>13,595,902</u>
<b>Liabilities:</b>						
Accounts payable	6,179				45,293	51,472
Contracts payable			40,584	97,398	14,679	152,661
Accrued wages and benefits payable	481,830				22,739	504,569
Compensated absences payable	23,742					23,742
Interfund loans payable					10,000	10,000
Intergovernmental payable	26,495				7,045	33,540
Pension obligation payable	64,370				9,886	74,256
Total liabilities	<u>602,616</u>		<u>40,584</u>	<u>97,398</u>	<u>109,642</u>	<u>850,240</u>
<b>Deferred inflows:</b>						
Property taxes levied for the next fiscal year	2,316,512	900,485			419,115	3,636,112
Delinquent property tax revenue not available	154,379	59,824			28,038	242,241
Accrued interest not available	652					652
Intergovernmental revenue not available				155,937		155,937
Payments in lieu of taxes levied for the next fiscal year	59,204					59,204
Total deferred inflows of resources	<u>2,530,747</u>	<u>960,309</u>		<u>155,937</u>	<u>447,153</u>	<u>4,094,146</u>
<b>Fund balances:</b>						
<b>Non-spendable:</b>						
Materials and supplies inventory	76,184				2,806	78,990
Prepays	57,499					57,499
<b>Restricted:</b>						
Debt service		857,369				857,369
Capital improvements			24,966	626,472	759,683	1,411,121
Adult education					239,564	239,564
Classroom facilities maintenance					842,383	842,383
Food service operations					49,286	49,286
<b>Committed:</b>						
Capital improvements					606,740	606,740
<b>Assigned:</b>						
Student instruction	810					810
Student and staff support	9,570					9,570
Other purposes	338,679					338,679
Unassigned (deficit)	4,171,870				(12,365)	4,159,505
Total fund balances	<u>4,654,612</u>	<u>857,369</u>	<u>24,966</u>	<u>626,472</u>	<u>2,488,097</u>	<u>8,651,516</u>
Total liabilities, deferred inflows and fund balances	<u>\$7,787,975</u>	<u>\$1,817,678</u>	<u>\$65,550</u>	<u>\$879,807</u>	<u>\$3,044,892</u>	<u>\$13,595,902</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

Total governmental fund balances		\$8,651,516
 <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.		36,921,464
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$242,241	
Accrued interest receivable	652	
Intergovernmental receivable	<u>155,937</u>	
Total		398,830
Unamortized premiums on bonds issued are not recognized in the funds.		(244,655)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(70,114)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(16,455,000)	
Capital lease obligations	(1,573)	
Compensated absences	<u>(341,528)</u>	
Total		<u>(16,798,101)</u>
Net position of governmental activities		<u><u>\$28,858,940</u></u>

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

	General	Bond Retirement	Building	Classroom Facilities	Non-major Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
<b>From local sources:</b>						
Property taxes	\$2,545,364	\$991,004			\$459,332	\$3,995,700
Payment in lieu of taxes	29,602					29,602
Tuition	512,465				419,386	931,851
Earnings on investments	23,947	1,563	\$2,641	\$5,188		33,339
Charges for services					116,052	116,052
Extracurricular	5,452					5,452
Classroom materials and fees	24,162					24,162
Rental income	6,074				1,200	7,274
Contributions and donations	74,000					74,000
Contract services	67,706				460	68,166
Other local revenues	19,548			18	5,284	24,850
Intergovernmental - intermediate	27,657					27,657
Intergovernmental - state	4,125,799	153,836		826,826	303,285	5,409,746
Intergovernmental - federal		292,387			541,548	833,935
<b>Total revenues</b>	<b>7,461,776</b>	<b>1,438,790</b>	<b>2,641</b>	<b>832,032</b>	<b>1,846,547</b>	<b>11,581,786</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Vocational	3,726,147				371,583	4,097,730
Adult/continuing					619,800	619,800
<b>Support services:</b>						
Pupil	309,095				191,370	500,465
Instructional staff	216,743				52,971	269,714
Board of education	101,595					101,595
Administration	373,124				112,800	485,924
Fiscal	331,893	34,052			15,209	381,154
Business	28,002					28,002
Operations and maintenance	583,331				136,747	720,078
Pupil transportation	2,940				8,076	11,016
Central	351,481				384,262	735,743
<b>Operation of non-instructional services:</b>						
Other non-instructional services					40	40
Food service operations					188,930	188,930
Extracurricular activities	67,365					67,365
Facilities acquisition and construction			2,404,947	5,652,050	1,860,507	9,917,504
<b>Debt service:</b>						
Principal retirement		460,000			32,246	492,246
Interest and fiscal charges		873,253			1,226	874,479
<b>Total expenditures</b>	<b>6,091,716</b>	<b>1,367,305</b>	<b>2,404,947</b>	<b>5,652,050</b>	<b>3,975,767</b>	<b>19,491,785</b>
Excess (deficiency) of revenues over (under expenditures)	1,370,060	71,485	(2,402,306)	(4,820,018)	(2,129,220)	(7,909,999)
<b>Other financing sources (uses):</b>						
Sale of capital assets					157,487	157,487
Transfers in					350,040	350,040
Transfers (out)	(350,040)					(350,040)
<b>Total other financing sources (uses)</b>	<b>(350,040)</b>				<b>507,527</b>	<b>157,487</b>
Net change in fund balances	1,020,020	71,485	(2,402,306)	(4,820,018)	(1,621,693)	(7,752,512)
Fund balances at beginning of year	3,634,592	785,884	2,427,272	5,446,490	4,109,790	16,404,028
Fund balances at end of year	<u>\$4,654,612</u>	<u>\$857,369</u>	<u>\$24,966</u>	<u>\$626,472</u>	<u>\$2,488,097</u>	<u>\$8,651,516</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

Net change in fund balances - total governmental funds (\$7,752,512)

*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	\$10,208,251	
Current year depreciation	<u>(1,074,380)</u>	
Total		9,133,871

The net effect of various miscellaneous transactions involving  
capital assets (i.e., sales, disposals, trade-ins, and donations) is to  
decrease net position. (1,602,861)

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

Property taxes	(188,156)	
Earnings on investments	(3,080)	
Intergovernmental	<u>(842,590)</u>	
Total		(1,033,826)

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

Bonds	460,000	
Capital leases	<u>32,246</u>	
Total		492,246

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

Decrease in accrued interest payable	463	
Amortization of bond premiums	<u>10,020</u>	
Total		10,483

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.

31,117

Change in net position of governmental activities (\$721,482)

*See accompanying notes to the basic financial statements.*



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
<b>From local sources:</b>				
Property taxes	\$2,539,745	\$2,536,894	\$2,536,894	
Payment in lieu of taxes	29,602	29,602	29,602	
Tuition	391,002	497,633	497,633	
Earnings on investments	75,311	35,000	22,475	(\$12,525)
Classroom materials and fees	15,335	24,162	24,162	
Rental income	259	3,825	4,250	425
Contributions and donations	42		3,000	3,000
Other local revenues	73,096	7,850	6,898	(952)
Intergovernmental - intermediate	31,383	28,000	27,657	(343)
Intergovernmental - state	4,145,621	4,133,565	4,125,799	(7,766)
<b>Total revenues</b>	<u>7,301,396</u>	<u>7,296,531</u>	<u>7,278,370</u>	<u>(18,161)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Vocational	3,781,372	3,704,286	3,685,950	18,336
<b>Support services:</b>				
Pupil	317,743	311,266	311,266	
Instructional staff	222,047	217,521	217,521	
Board of education	179,150	175,498	100,774	74,724
Administration	380,007	372,261	372,127	134
Fiscal	343,169	336,173	331,521	4,652
Operations and maintenance	622,298	609,612	609,612	
Pupil transportation	3,001	2,940	2,940	
Central	359,863	352,527	352,527	
Extracurricular activities	67,946	66,561	66,561	
<b>Total expenditures</b>	<u>6,276,596</u>	<u>6,148,645</u>	<u>6,050,799</u>	<u>97,846</u>
Excess of revenues over expenditures	<u>1,024,800</u>	<u>1,147,886</u>	<u>1,227,571</u>	<u>79,685</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	1,089	6,475	6,420	(55)
Transfers (out)	(358,549)	(351,240)	(351,240)	
Advances in	11,733	125,050	125,050	
Advances (out)	(75,540)	(74,000)	(74,000)	
Sale of capital assets	161	11,600	11,600	
<b>Total other financing sources (uses)</b>	<u>(421,106)</u>	<u>(282,115)</u>	<u>(282,170)</u>	<u>(55)</u>
Net change in fund balance	603,694	865,771	945,401	79,630
Fund balance at beginning of year	3,564,961	3,564,961	3,564,961	
Prior year encumbrances appropriated	21,051	21,051	21,051	
<b>Fund balance at end of year</b>	<u>\$4,189,706</u>	<u>\$4,451,783</u>	<u>\$4,531,413</u>	<u>\$79,630</u>

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER  
VAN WERT COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$42,675
Total assets	<u>42,675</u>
<b>Liabilities:</b>	
Accounts payable	2,453
Held for employees medical and dental reimbursements	14,723
Due to students	25,499
Total liabilities	<u>\$42,675</u>

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**1. DESCRIPTION OF THE CAREER CENTER**

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

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and non-programmed services. It is staffed by 29 non-certified employees and 52 certified full-time teaching personnel, who provide services to 584 full-time equivalent students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center'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 Career Center. For the Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The following organizations are described due to their relationship to the Career Center:

**1. Jointly Governed Organizations**

**Northwest Ohio Area Computer Services Cooperative (NOACSC)**

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

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

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

**B. Fund Accounting**

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

**1. Governmental Funds**

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

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

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

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

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net 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 Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for student activities and medical and dental reimbursements.

**C. Basis of Presentation and Measurement Focus**

**1. Government-wide Financial Statements**

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

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

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

**2. Fund Financial Statements**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**D. Basis of Accounting**

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

**Revenues – Exchange and Non-exchange Transactions**

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

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

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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. Payment in lieu of taxes and 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 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 entitlement value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

**E. Budgets**

The Career Center is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2013 is as follows:

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

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

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2013.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2013. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

**F. Cash and Investments**

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

During fiscal year 2013, investments were limited to negotiable and nonnegotiable certificates of deposits, federal agency securities and U.S. Government money market mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$23,947, which includes \$10,813 assigned from other funds.

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

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



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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Inventory**

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

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

**H. Capital Assets**

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

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

All reported capital assets except land 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>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings/improvements	20 – 50 years
Furniture/equipment	10 – 20 years
Vehicles	8 years

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service (including a minimum of 5 years of service with the Career Center); or 20 years' service at any age were considered.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

**L. Fund Balance**

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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 Career Center 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 and adult education.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The Career Center recorded a special item during fiscal year 2013 to record a loss on disposal of building that occurred as a result of the Ohio Schools Facilities Commission project.

**R. Bond Premium**

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

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

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

**3. ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the Career Center 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 Career Center.

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 Career Center.

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 Career Center.

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 Career Center'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.

The implementation of GASB Statement No. 65 had the following effect on the financial statements of the Career Center:

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

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

	<b>Governmental Activities</b>
Net assets as previously reported	\$29,844,424
Removal of unamortized bond issuance costs	(264,002)
Net position at July 1, 2012	\$29,580,422

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 Career Center.

**B. Deficit Fund Balances**

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

<b>Non-major funds</b>	<b>Deficit</b>
Post-secondary vocational education	\$10,992
Entry year programs	15
Vocational education enhancement	67
Vocational education	1,291

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

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

**A. Cash on Hand**

At fiscal year end, the Career Center had \$885 in un-deposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

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

**4. DEPOSITS AND INVESTMENTS (Continued)**

**B. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all Career Center deposits was \$5,562,743. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$2,481,200 of the Career Center's bank balance of \$5,747,543 was exposed to custodial risk as discussed below, while \$3,266,343 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2013, the Career Center had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months Or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
U.S. Government money market mutual fund	\$1,768,384	\$1,768,384				
Negotiable CD's	746,312		\$248,975	\$497,337		
FHLMC	567,458				\$150,157	\$417,301
FFCB	188,022					188,022
FNMA	208,836					208,836
Total	<u>\$3,479,012</u>	<u>\$1,768,384</u>	<u>\$248,975</u>	<u>\$497,337</u>	<u>\$150,157</u>	<u>\$814,159</u>

The weighted average maturity of investments is 0.99 years.

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

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



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**4. DEPOSITS AND INVESTMENTS (Continued)**

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

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market mutual fund	\$1,768,384	50.84
Negotiable CD's	746,312	21.45
FHLMC	567,458	16.31
FFCB	188,022	5.40
FNMA	208,836	6.00
Total	\$3,479,012	100.00

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

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

<u>Cash and investments per note:</u>	
Carrying amount of deposits	\$5,562,743
Investments	3,479,012
Cash on hand	885
Total	\$9,042,640

<u>Cash and investments per statement of net position:</u>	
Governmental activities	\$8,999,965
Agency funds	42,675
Total	\$9,042,640

**5. INTERFUND TRANSACTIONS**

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

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Non-major governmental funds	\$10,000

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.

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(Continued)**

**5. INTERFUND TRANSACTIONS (Continued)**

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

- 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>
Non-major governmental funds	<u>\$350,040</u>

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

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

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 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 Career Center receives property taxes from Van Wert, Auglaize, Paulding, Mercer and Putnam Counties. The County Auditors periodically advance to the Career Center 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 \$207,174 in the general fund, \$81,179 in the bond retirement fund and \$37,097 in the permanent improvement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$198,704 in the general fund, \$78,490 in the bond retirement fund and \$35,585 in the permanent improvement fund (a non-major governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**6. PROPERTY TAXES (Continued)**

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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.

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.

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

	<b>2012 Second Half Collections</b>		<b>2013 First Half Collections</b>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$1,106,824,160	94.92	\$1,109,298,820	94.80
Public utility personal	59,285,560	5.08	61,319,590	5.20
Total	<u>\$1,166,109,720</u>	<u>100.00</u>	<u>\$1,170,618,410</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$4.85		\$4.85	

**7. RECEIVABLES**

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

<b>Governmental activities:</b>	
Property taxes	\$4,203,803
Payment in lieu of taxes	59,204
Accounts	1,438
Intergovernmental	182,226
Accrued interest	<u>2,777</u>
Total receivables	<u><u>\$4,449,448</u></u>

Receivables have been disaggregated on the face of the financial statements. All receivables, except for \$155,937 of intergovernmental grants due from the Ohio Schools Facilities Commission (OSFC), are expected to be collected in the subsequent year. The OSFC grant amount will be collected over the life of the construction project.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**8. CAPITAL ASSETS**

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

	<u>Balance 06/30/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/2013</u>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 40,000			\$ 40,000
Construction in progress	25,388,361	\$ 6,684,889	(\$32,073,250)	
Total capital assets, not being depreciated	<u>25,428,361</u>	<u>6,684,889</u>	<u>(32,073,250)</u>	<u>40,000</u>
<b>Capital assets, being depreciated:</b>				
Land improvements	209,596	712,851	(178,318)	744,129
Buildings/improvements	6,077,255	32,225,912	(5,984,601)	32,318,566
Furniture/equipment	5,423,782	2,595,905	(215,280)	7,804,407
Vehicles	304,987	61,944	(18,753)	348,178
Total capital assets, being depreciated	<u>12,015,620</u>	<u>35,596,612</u>	<u>(6,396,952)</u>	<u>41,215,280</u>
<b>Less: accumulated depreciation:</b>				
Land improvements	(190,140)	(23,627)	172,616	(41,151)
Buildings/improvements	(4,365,174)	(435,337)	4,390,487	(410,024)
Furniture/equipment	(3,238,647)	(595,938)	212,235	(3,622,350)
Vehicles	(259,566)	(19,478)	18,753	(260,291)
Total accumulated depreciation	<u>(8,053,527)</u>	<u>(1,074,380)</u>	<u>4,794,091</u>	<u>(4,333,816)</u>
Governmental activities capital assets, net	<u>\$29,390,454</u>	<u>\$41,207,121</u>	<u>(\$33,676,111)</u>	<u>\$36,921,464</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Vocational	\$ 941,602
Adult education	16,687
<b>Support services:</b>	
Pupil	60
Instructional staff	11,720
Administration	4,124
Fiscal	3,051
Operations and maintenance	55,561
Pupil transportation	13,274
Other non-instructional services	22,444
Extracurricular activities	5,857
Total depreciation expense	<u>\$1,074,380</u>

**9. CAPITAL LEASES – LESSEE DISCLOSURE**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**9. CAPITAL LEASES – LESSEE DISCLOSURE (Continued)**

Capital assets consisting of a mailing machine and copier equipment have been capitalized in the amount of \$242,104. This amount represents the fair market value of the copiers at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2013 was \$229,473, leaving a book value of \$12,631. Principal payments in fiscal year 2013 totaled \$31,105 paid by the permanent improvement fund (a non-major governmental fund) and \$1,141 paid by the adult education fund (a non-major governmental fund).

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

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2014	\$1,573

**10. LONG-TERM OBLIGATIONS**

A. During fiscal year 2013, the following activity occurred in long-term obligations:

	<b>Balance Outstanding 06/30/2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance Outstanding 06/30/2013</b>	<b>Amounts Due in One Year</b>
<b>Governmental activities:</b>					
General obligation bonds	\$16,915,000		(\$460,000)	\$16,455,000	\$465,000
Capital lease obligations	33,819		(32,246)	1,573	1,573
Compensated absences	437,086	\$74,792	(146,608)	365,270	81,510
Total long-term obligations, governmental activities	\$17,385,905	\$74,792	(\$638,854)	16,821,843	\$548,083
			Add: Unamortized premium on refunding	244,655	
			Total long-term obligations	\$17,066,498	

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

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

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

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

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(Continued)**

**10. LONG-TERM OBLIGATIONS (Continued)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**10. LONG-TERM OBLIGATIONS (Continued)**

Fiscal Year Ended	Current Interest Bonds		
	Principal	Interest	Total
2014	\$ 465,000	\$ 866,309	\$ 1,331,309
2015	470,000	856,952	1,326,952
2016	475,000	845,134	1,320,134
2017	485,000	831,024	1,316,024
2018	495,000	814,784	1,309,784
2019 - 2023	2,660,000	3,754,926	6,414,926
2024 - 2028	3,105,000	3,043,838	6,148,838
2029 - 2033	3,735,000	2,045,399	5,780,399
2034 - 2038	4,565,000	750,928	5,315,928
Total	<u>\$16,455,000</u>	<u>\$13,809,294</u>	<u>\$30,264,294</u>

The Career Center had \$340,698 in unspent bond proceeds at June 30, 2013.

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that un-voted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$89,758,026 and an un-voted debt margin of \$1,170,618.

**11. EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**12. RISK MANAGEMENT**

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2012.

**Group Purchasing Pools**

**CompManagement Group Rating Program (GRP)**

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

**Schools of Ohio Risk Sharing Authority**

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

**Van Wert Area School Insurance Group (VWASIG)**

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

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



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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**13. PENSION PLANS**

**A. School Employees Retirement System**

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 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 Career Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$130,674, \$127,677 and \$124,289, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

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

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**13. PENSION PLANS (Continued)**

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

**Funding Policy** – For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$410,161, \$444,766 and \$501,760, 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 \$18,612 made by the Career Center and \$13,294 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 Career Center's liability is 6.2 percent of wages paid.

**14. POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** – The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B 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](http://www.ohsers.org), under "Employers/Audit Resources".

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**14. POST-EMPLOYMENT BENEFITS (Continued)**

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105€. 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 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 Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$15,300, \$19,872 and \$15,049, 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 Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$7,382, \$7,540 and \$7,998, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

**Plan Description** – The Career Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://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 Career Center's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$31,551, \$34,213 and \$39,858, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**15. BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

<b>Net Change in Fund Balance</b>	
	<b>General fund</b>
Budget basis	\$ 945,401
Net adjustment for revenue accruals	22,592
Net adjustment for expenditure accruals	126,094
Net adjustment for other sources/uses	(67,870)
Funds budgeted elsewhere *	(15,040)
Adjustment for encumbrances	8,843
GAAP basis	\$1,020,020

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**16. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**17. SET-ASIDES**

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

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

	<b>Capital Improvements</b>
Set-aside balance June 30, 2012	
Current year set-aside requirement	\$ 83,854
Current year offsets	(550,366)
Total	(\$466,512)
Balance carried forward to fiscal year 2014	=
Set-aside balance June 30, 2013	=

**18. CONTRACTUAL COMMITMENTS**

As a result of the Ohio Schools Facilities Project that was in progress at June 30, 2013, the Career Center had the following outstanding contractual commitments at fiscal year-end:

<b>Vendor</b>	<b>Contract Amount</b>	<b>Change Orders</b>	<b>Amount Paid</b>	<b>Balance of Contract</b>
Gilbane	\$1,258,959	\$710,397	\$ 1,742,380	\$226,976
Garmann/Miller	2,060,856	76,039	2,133,699	3,196
Woolace	3,608,640	245,374	3,839,585	14,429
WA Sheets	13,285,000	782,238	14,008,205	59,033
Brewer Garrett	113,718		99,154	14,564
Total	\$20,327,173	\$1,814,048	\$21,823,023	\$318,198

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**19. OTHER COMMITMENTS**

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

<b>Fund</b>	<b>Year-End Encumbrances</b>
General	\$ 7,362
Building	23,552
Classroom facilities	224,096
Other governmental	162,693
Total	<u>\$417,703</u>

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FOR YEAR ENDED JUNE 30, 2013**

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
(Passed through Ohio Department of Education)						
<b>Child Nutrition Cluster:</b>						
School Breakfast Program		10.553	\$11,951		\$11,951	
Non cash Assistance (Food Distribution) National School Lunch Program		10.555		\$30,888		\$30,888
National School Lunch Program		10.555	74,486		74,486	
Total Nutrition Cluster			<u>86,437</u>	<u>30,888</u>	<u>86,437</u>	<u>30,888</u>
Total U.S. Department of Agriculture			<u>86,437</u>	<u>30,888</u>	<u>86,437</u>	<u>30,888</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Direct						
<b>Student Financial Aid Cluster:</b>						
Federal Pell Grant Program	2013	84.063	192,399		192,399	
	2012		1,232		1,232	
Total Federal Pell Grant Program			<u>193,631</u>		<u>193,631</u>	
Federal Supplemental Educational Opportunity Grants	2013	84.007	5,000		5,000	
Total Student Financial Aid Cluster			<u>198,631</u>		<u>198,631</u>	
(Passed through Ohio Department of Education)						
Adult Education - Basic Grants to States	2013	84.002	32,497		32,497	
	2012		39,203		31,424	
	2011		8,819		(2,590)	
Total Adult Education - Basic Grants to States			<u>80,519</u>		<u>61,331</u>	
Career and Technical Education - Basic Grants to States (A)	2013	84.048	21,250		21,250	
	2013		154,955		154,955	
Total Career and Technical Education - Basic Grants to States			<u>176,205</u>		<u>176,205</u>	
Improving Teacher Quality State Grants	2013	84.367	3,166		3,166	
Race to the Top - Stimulus	2013	84.395	1,050		1,050	
	2012		1,050		1,050	
Total Race to the Top - Stimulus			<u>2,100</u>		<u>2,100</u>	
Total U.S. Department of Education			<u>460,621</u>		<u>441,433</u>	
Total Federal Assistance			<u>\$547,058</u>	<u>\$30,888</u>	<u>\$527,870</u>	<u>\$30,888</u>

(A) - Four County JVS is the fiscal agent for the grant

See Accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND DISBURSEMENTS  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Disbursements (the Schedule) reports the Vantage Career Center (the Career Center's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

The Career Center commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting disbursements on this Schedule, the Career Center assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

The Career Center reports commodities consumed on the Schedule at the fair value. The Career Center allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE D – MATCHING REQUIREMENTS**

Certain Federal programs require the Career Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has met its matching requirements. The Schedule does not include the disbursements of non-Federal matching funds.





# 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

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

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 Vantage Career Center, Van Wert County, (the Career Center) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 3, 2014, wherein we noted the School District adopted the provisions of Government Accounting Standards Board Statement 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 Career Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career Center'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 Career Center'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 Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

February 3, 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

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

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Vantage Career Center's (the Career Center) 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 each of the Vantage Career Center's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Career Center's major federal programs.

### ***Management's Responsibility***

The Career Center'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 Career Center's compliance for each of the Career Center'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 Career Center'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 Career Center's major programs. However, our audit does not provide a legal determination of the Career Center's compliance.

### ***Basis for Qualified Opinion on Career and Technical Education – Basic Grants to State***

As described in finding 2013-001 in the accompanying schedule of findings, the Career Center did not comply with requirements regarding cash management applicable to its Career and Technical Education – Basic Grants to State major federal program. A Compliance with this requirement is necessary, in our opinion, for the Career Center to comply with requirements applicable to this program.

***Qualified Opinion on Career and Technical Education – Basic Grants to State***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Career and Technical Education – Basic Grants to State* paragraph, the Vantage Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Career and Technical Education – Basic Grants to State* for the year ended June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Vantage Career Center complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended June 30, 2013.

***Other Matters***

The Career Center's response to our noncompliance finding is described in the accompanying schedule of findings. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

***Report on Internal Control Over Compliance***

The Career Center'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 Career Center'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 Career Center's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-001 to be a material weakness.

The Career Center's response to our internal control over compliance finding is described in the accompanying schedule of findings. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report 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

February 3, 2014

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**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified – Career and Technical Education – Basic Grants to States Unmodified – Student Financial Aid Cluster
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #84.007 / 84.063 – Student Financial Aid Cluster CFDA #84.048 – Career and Technical Education – Basic Grants to States
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**1. Cash Management**

<b>Finding Number</b>	2013-001
<b>CFDA Title and Number</b>	84.048 – Career and Technical Education - Basic Grants to State•
<b>Federal Award Number / Year</b>	2013
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**NONCOMPLIANCE AND MATERIAL WEAKNESS**

**34 CFR 80.20(b)(7)** provides in part that when advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

The Career Center received advance payments of Career Tech Grant Funds from the Ohio Department of Education. The Career Center had a draw-down of \$25,319 on November 8, 2012 and it was not totally spent until March 8, 2013. In addition, the Career Center had a draw-down of \$22,092 on March 1, 2013 and it was not totally spent until May 31, 2013; however, the balance was down to zero at year-end.

The Career Center should implement policies and procedures to determine that Federal funds are not accumulated, but rather, are spent as close as possible to the date of receipt from the Federal government and/or the Ohio Department of Education to avoid cuts in funding and other repercussions from the Federal government.

**Official’s Response:** When requesting funds, I was under the understanding that we could request an advance of funds of 10% of the grants amount, plus any funds already spent. The 10% for our district represents about 3 months of expenses, not realizing that I was only able to request an advance of one month which is less than the 10%.



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	Requests for funds from grants will not exceed the already spent amount plus an advance of no more than one month's worth of expenditures	December 2013	Lori Davis, Treasurer

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# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

Ohio Rev. 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 Vantage Career Center (the Career Center) has updated its anti-harassment policy in accordance with Ohio Rev. 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.

1. We noted the Board amended its anti-harassment policy at its meeting on June 7, 2012 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

February 3, 2014

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# Dave Yost • Auditor of State

**VANTAGE CAREER CENTER**

**VAN WERT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 11, 2014**