



**Mary Taylor, CPA**  
Auditor of State



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business type 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, 2007, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Vantage Career Center, Van Wert County, as of June 30, 2007, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the General and Adult Education Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2008, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

March 21, 2008

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
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, 2007. 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 2007 are as follows:

- In total, net assets increased \$1,083,665. Net assets of governmental activities increased \$1,082,936, which represents a 15.15 percent increase from 2006. Net assets of business-type activities increased \$729 or 0.17 percent from 2006.
- For governmental activities general revenues accounted for \$6,756,997 in revenue or 79.34 percent of all revenues. Program specific revenues for governmental activities in the form of charges for services and sales, grants and contributions accounted for \$1,759,578 or 20.66 percent of total revenues of \$8,516,575.
- The Career Center had \$7,423,639 in expenses related to governmental activities; only \$1,759,578 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,756,997 were adequate to provide for these programs.
- The Career Center had \$503,040 in expenses related to business-type activities; \$492,274 of these expenses was offset by program specific charge for services and grants and contributions. General revenues and transfers supporting business-type activities of \$11,495 were adequate to support these programs.
- The Career Center's major governmental funds are the general fund, adult education fund, permanent improvement fund and capital projects fund. The general fund had \$6,612,169 in revenues and \$5,953,400 in expenditures and other financing uses. The general fund's fund balance increased \$658,769 from \$1,015,725 to \$1,674,494.
- The adult education fund had \$714,331 in revenues and other financing sources and \$708,764 in expenditures. The adult education fund's fund balance increased \$5,567 from \$202,210 to \$207,777.
- The permanent improvement fund had \$626,518 in revenues and other financing sources and \$754,256 in expenditures. The permanent improvement fund's fund balance decreased \$127,738 from \$771,010 to \$643,272.
- The capital projects fund had \$250,000 in other financing sources and no expenditures. The capital projects fund balance increased from \$2,012,760 to \$2,262,760.

VANTAGE CAREER CENTER  
VAN WERT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)

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

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

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

**Reporting the Career Center as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2007?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Career Center is divided into two distinct kinds of activities:

**Governmental Activities** - Most of the Career Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

**Business-Type Activities** - These services are provided on charges for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Career Center's rotary, food service and uniform school supplies programs are reported as business activities.

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



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

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

**Fund Financial Statements** - The analysis of the Career Center's major governmental funds begins on page 10. 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, adult education fund, permanent improvement fund and capital projects fund.

**Governmental Funds**

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17-22 of this report.

**Proprietary Funds**

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the Career Center as a whole. The basic proprietary fund financial statements can be found on pages 23-25 of this report.

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

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 26. 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 27-52 of this report.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

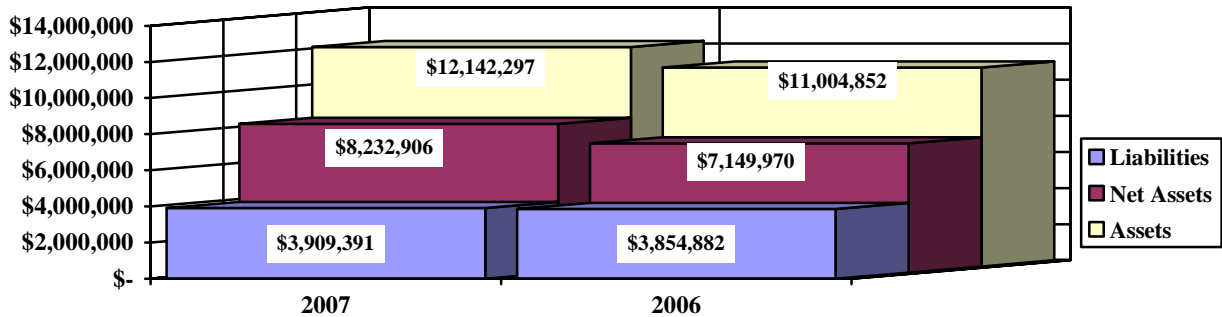
**The Career Center as a Whole**

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net assets for 2007 and 2006.

**Net Assets**

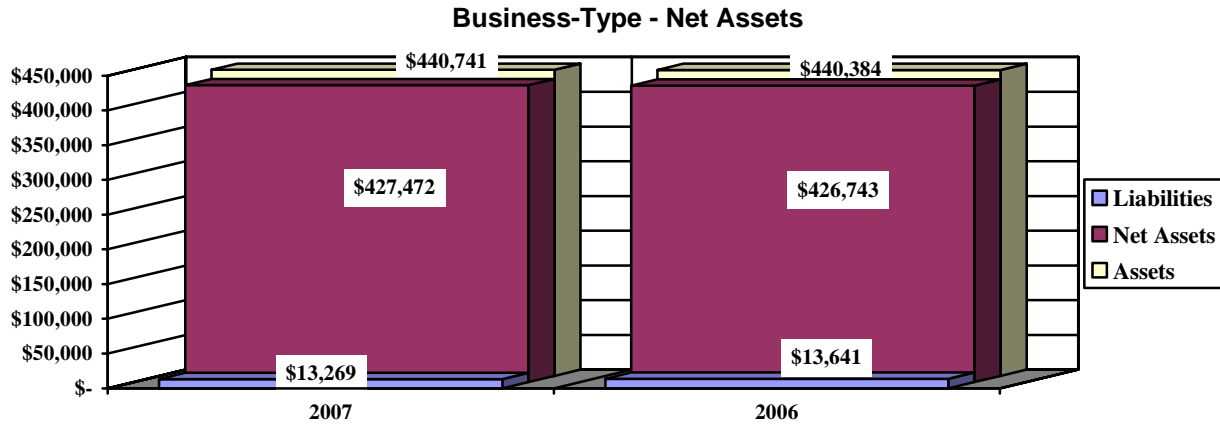
	Governmental		Business-Type		Total	
	Activities		Activities			
	2007	2006	2007	2006	2007	2006
<b>Assets</b>						
Current assets	\$8,555,252	\$7,600,897	\$373,269	\$392,477	\$8,928,521	\$7,993,374
Capital assets	3,587,045	3,403,955	67,472	47,907	3,654,517	3,451,862
Total assets	12,142,297	11,004,852	440,741	440,384	12,583,038	11,445,236
<b>Liabilities</b>						
Current liabilities	3,361,362	3,284,100	13,269	13,544	3,374,631	3,297,644
Long-term liabilities	548,029	570,782		97	548,029	570,879
Total liabilities	3,909,391	3,854,882	13,269	13,641	3,922,660	3,868,523
<b>Net Assets</b>						
Invested in capital assets net of related debt	3,500,269	3,309,183	67,472	47,907	3,567,741	3,357,090
Restricted	2,976,561	2,848,830			2,976,561	2,848,830
Unrestricted	1,756,076	991,957	360,000	378,836	2,116,076	1,370,793
Total net assets	\$8,232,906	\$7,149,970	\$427,472	\$426,743	\$8,660,378	\$7,576,713

**Governmental - Net Assets**



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**



The table below shows the change in net assets for fiscal year 2007 and 2006.

**Change in Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues</b>						
<b>Program revenues:</b>						
Charges for services and sales	\$726,344	\$755,829	\$444,111	\$607,944	\$1,170,455	\$1,363,773
Operating grants and contributions	1,033,234	1,069,346	48,163	47,633	1,081,397	1,116,979
<b>General revenues:</b>						
Property taxes	3,069,813	2,701,212			3,069,813	2,701,212
Grants and entitlements	3,381,115	3,073,812			3,381,115	3,073,812
Investment earnings	262,667	139,945	1,495	869	264,162	140,814
Other	43,402	106,560			43,402	106,560
<b>Total revenues</b>	<b>8,516,575</b>	<b>7,846,704</b>	<b>493,769</b>	<b>656,446</b>	<b>9,010,344</b>	<b>8,503,150</b>

(Continued)

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

**Change in Net Assets  
(Continued)**

	<b>Governmental</b>		<b>Business-Type</b>		<b>Activities</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
<b>Expenses</b>						
<b>Program expenses:</b>						
<b>Instruction:</b>						
Regular	\$1,054,496	\$890,814			\$1,054,496	\$890,814
Vocational	3,129,116	3,067,537			3,129,116	3,067,537
Adult education	689,896	713,542			689,896	713,542
<b>Support services:</b>						
Pupil	398,816	437,524			398,816	437,524
Instructional staff	237,833	189,551			237,833	189,551
Board of Education	55,311	67,416			55,311	67,416
Administration	555,907	546,038			555,907	546,038
Fiscal	268,527	275,710			268,527	275,710
Operations and maintenance	601,440	699,677			601,440	699,677
Pupil transportation	30,536	24,825			30,536	24,825
Central	319,474	112,039			319,474	112,039
Operation of						
non-instructional services	45,758	11,436			45,758	11,436
Extracurricular activities	27,978	32,139			27,978	32,139
Interest and fiscal charges	8,551	9,082			8,551	9,082
Rotary			\$296,457	\$273,127	296,457	273,127
Food service operations			150,059	172,231	150,059	172,231
Uniform school supplies			56,524	60,268	56,524	60,268
Total expenses	<u>7,423,639</u>	<u>7,077,330</u>	<u>503,040</u>	<u>505,626</u>	<u>7,926,679</u>	<u>7,582,956</u>
Transfers	<u>(10,000)</u>		<u>10,000</u>			
Changes in net assets	1,082,936	769,374	729	150,820	1,083,665	920,194
Net assets at beginning of year	<u>7,149,970</u>	<u>6,380,596</u>	<u>426,743</u>	<u>275,923</u>	<u>7,576,713</u>	<u>6,656,519</u>
Net assets at end of year	<u>\$8,232,906</u>	<u>\$7,149,970</u>	<u>\$427,472</u>	<u>\$426,743</u>	<u>\$8,660,378</u>	<u>\$7,576,713</u>

**Governmental Activities**

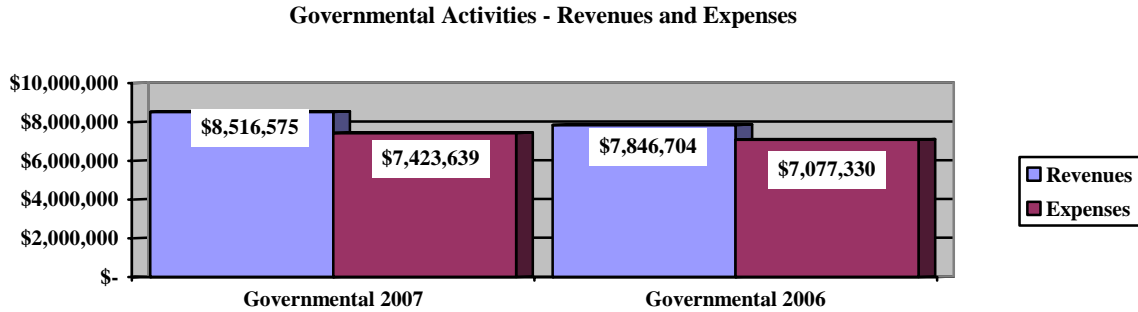
Net assets of the Career Center's governmental activities increased \$1,082,936. Total governmental expenses of \$7,423,639 were offset by program revenues of \$1,759,578 and general revenues of \$6,756,997. Program revenues supported 23.70 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 75.75 percent of total governmental revenue. Real estate property is reappraised every six years.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2007 and 2006.



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 2007 and 2006. It identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

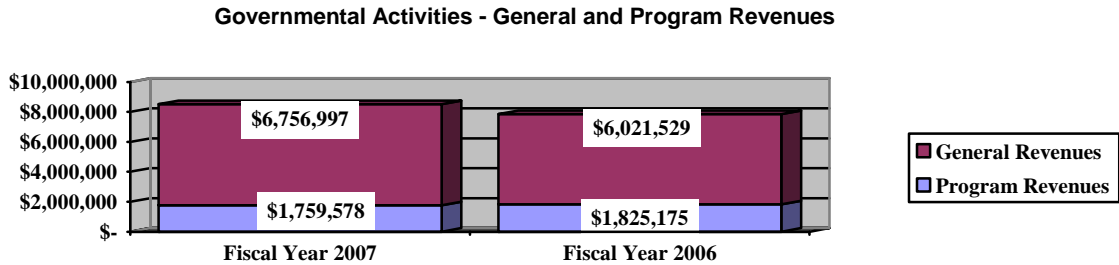
	<b>Governmental Activities</b>			
	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>	<b>Total Cost of Services 2006</b>	<b>Net Cost of Services 2006</b>
<b>Program expenses:</b>				
<b>Instruction:</b>				
Regular	\$1,054,496	\$717,008	\$890,814	\$765,532
Vocational	3,129,116	2,677,965	3,067,537	2,432,208
Adult education	689,896	100,008	713,542	88,853
<b>Support services:</b>				
Pupil	398,816	195,819	437,524	216,468
Instructional staff	237,833	148,930	189,551	89,698
Board of Education	55,311	55,311	67,416	67,416
Administration	555,907	479,186	546,038	435,934
Fiscal	268,527	268,527	275,710	275,710
Operations and maintenance	601,440	600,652	699,677	699,077
Pupil transportation	30,536	30,536	24,825	24,825
Central	319,474	314,186	112,039	103,777
Operation of non-instructional services	45,758	45,758	11,436	11,436
Extracurricular activities	27,978	21,624	32,139	32,139
Interest and fiscal charges	8,551	8,551	9,082	9,082
<b>Total expenses</b>	<b>\$7,423,639</b>	<b>\$5,664,061</b>	<b>\$7,077,330</b>	<b>\$5,252,155</b>

The dependence upon tax revenues during fiscal year 2007 for governmental activities is apparent, as 71.71 percent of 2007 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 76.30 percent in 2007.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

The graph below presents the Career Center's governmental activities revenue for fiscal years 2007 and 2006.



**Business-Type Activities**

The rotary, food services and uniform school supplies programs provides the business-type activities. These programs had revenues of \$503,769 and expenses of \$503,040 for fiscal year 2007. The Career Center's business activities receive no support from tax revenues.

**The Career Center's Funds**

The Career Center's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$4,811,541, which is higher than last year's total of \$4,017,005. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2007 and 2006.

	<u>Fund Balance June 30, 2007</u>	<u>Fund Balance June 30, 2006</u>	<u>Increase (Decrease)</u>
General	\$1,674,494	\$1,015,725	\$658,769
Adult Education	207,777	202,210	5,567
Permanent Improvement	643,272	771,010	(127,738)
Capital Projects	2,262,760	2,012,760	250,000
Other Governmental	23,238	15,300	7,938
<b>Total</b>	<u><u>\$4,811,541</u></u>	<u><u>\$4,017,005</u></u>	<u><u>\$794,536</u></u>

**General Fund**

The Career Center's general fund balance increased \$658,769. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

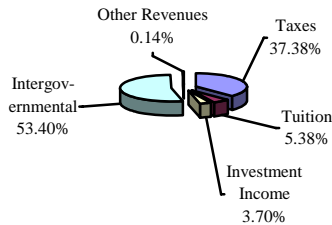
	<u>2007 Amount</u>	<u>2006 Amount</u>	<u>Percentage Change</u>
<b>Revenues</b>			
Taxes	\$2,471,551	\$2,477,761	(0.25) %
Tuition	355,579	334,084	6.43 %
Interest earnings	244,327	139,945	74.59 %
Intergovernmental	3,531,409	3,266,517	8.11 %
Other revenues	9,303	22,220	(58.13) %
<b>Total</b>	<u><u>\$6,612,169</u></u>	<u><u>\$6,240,527</u></u>	5.96 %

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

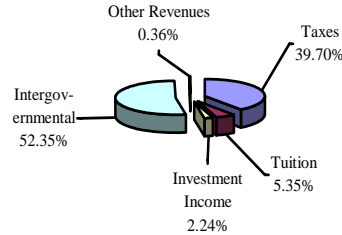
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

Interest earnings increased 74.59 percent due the increase in interest rates from the prior year. Intergovernmental revenues increased 8.11 percent compared to the prior year.

**Revenues - Fiscal Year 2007**



**Revenues - Fiscal Year 2006**

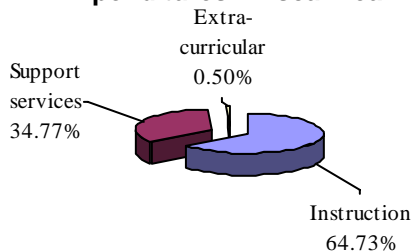


The table that follows assists in illustrating the expenditures of the general fund.

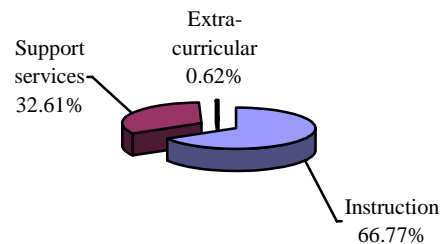
<b>Expenditures</b>	<b>2007 Amount</b>	<b>2006 Amount</b>	<b>Percentage Change</b>
Instruction	\$3,626,571	\$3,478,050	4.27 %
Support services	1,947,838	1,698,544	14.68 %
Extracurricular activities	27,838	32,086	(13.24) %
<b>Total</b>	<b>\$5,602,247</b>	<b>\$5,208,680</b>	<b>7.56 %</b>

The most significant increase was in the area of support services, which is attributed to an increase in central expenditures. All other expenditures were comparable to the prior year.

**Expenditures - Fiscal Year 2007**



**Expenditures - Fiscal Year 2006**



**Adult Education Fund** - The adult education fund had \$714,331 in revenues and other financing sources and \$708,764 in expenditures. The adult education fund's fund balance increased \$5,567 from \$202,210 to \$207,777.

**Permanent Improvement Fund** - The permanent improvement fund had \$626,518 in revenues and other financing sources and \$754,256 in expenditures. The permanent improvement fund's fund balance decreased \$127,738 from \$771,010 to \$643,272.

**Capital Projects Fund** - The capital projects fund had \$250,000 in other financing sources and no expenditures. The capital projects fund balance increased from \$2,012,760 to \$2,262,760.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
UNAUDITED  
(Continued)**

**General Fund Budgeting Highlights**

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

During the course of fiscal 2007, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$325,087 above original budget estimates of \$6,342,947. Actual revenues and other financing sources were \$6,656,366. This was \$11,668 lower than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$6,121,823 were decreased to \$6,090,137 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2007 totaled \$6,046,883 which was \$43,254 less than the final budgeted appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2007, the Career Center had \$3,654,517 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. \$3,587,045 was reported in governmental activities and \$67,472 in business-type activities. The following table shows fiscal 2007 balances compared to 2006:

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Land	\$40,000	\$40,000			\$40,000	\$40,000
Land improvements	40,653	47,794			40,653	47,794
Building and improvements	2,320,607	2,442,426			2,320,607	2,442,426
Furniture and equipment	1,090,305	828,570	\$67,472	\$47,907	1,157,777	876,477
Vehicles	95,480	45,165			95,480	45,165
<b>Total</b>	<b>\$3,587,045</b>	<b>\$3,403,955</b>	<b>\$67,472</b>	<b>\$47,907</b>	<b>\$3,654,517</b>	<b>\$3,451,862</b>

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, 2007  
UNAUDITED  
(Continued)**

**Debt Administration**

At June 30, 2007 the Career Center had \$87,614 in capital lease obligations outstanding. Of this total, \$46,067 is due within one year and \$41,547 is due within greater than one year. The following table summarizes the lease obligations outstanding.

<b>Outstanding Debt, at Year End</b>		
	<b>Governmental Activities 2007</b>	<b>Governmental Activities 2006</b>
Capital lease obligations	\$87,614	\$94,772
Total	\$87,614	\$94,772

At June 30, 2007 the Career Center's overall legal debt margin was \$79,833,257 with an unvoted debt margin of \$887,036.

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 by reducing staff and passing a levy. In November, 2004, the Career Center was successful in passing a replacement of a 2.3 mill continuing operating levy that brought in new operating monies to the Career Center.

The Career Center experienced an enrollment increase during fiscal year 2007. As we look to fiscal year 2008, the enrollment appears to be stable. But as the Career Center looks to the future, we could see an enrollment decrease due to the associate schools enrollment declining. The Board of Education and administration are actively looking at marketing strategies that will keep our enrollment increasing. During fiscal year 2006, the Career Center added another section of Cosmetology and Health Careers. In fiscal year 2007, the Career Center added many higher level academics to its schedule.

The Career Center has been working with the Ohio School Facilities Commission. Architects have been to the Career Center and we have received the initial Master Plan. The Master Plan is being reviewed at this time. The Career Center is number fifteen on the funding list. It appears the Career Center could be on the ballot for a bond issue in November 2008 and building in 2009 with voter support.

In closing, the financial outlook for the Career Center at this time is stable. The Board of Education and administration will work diligently to maintain the stability of the Career Center.

**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.

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**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2007**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$5,158,061	\$359,538	\$5,517,599
<b>Receivables:</b>			
Taxes	3,237,036		3,237,036
Accounts	10,790	1,049	11,839
Intergovernmental	5,300	3,760	9,060
Accrued interest	19,648		19,648
Internal balance	85,898	(85,898)	
Prepayments	38,519		38,519
Materials and supplies inventory		94,820	94,820
<b>Capital assets:</b>			
Land	40,000		40,000
Depreciable capital assets, net	3,547,045	67,472	3,614,517
Capital assets, net	<u>3,587,045</u>	<u>67,472</u>	<u>3,654,517</u>
Total assets	<u>12,142,297</u>	<u>440,741</u>	<u>12,583,038</u>
<b>Liabilities:</b>			
Accounts payable	6,810	1,041	7,851
Accrued wages and benefits	618,034	7,051	625,085
Pension obligation payable	93,753	5,009	98,762
Intergovernmental payable	10,799	168	10,967
Unearned revenue	2,631,966		2,631,966
<b>Long-term liabilities:</b>			
Due within one year	110,735		110,735
Due within more than one year	437,294		437,294
Total liabilities	<u>3,909,391</u>	<u>13,269</u>	<u>3,922,660</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	3,500,269	67,472	3,567,741
<b>Restricted for:</b>			
Capital projects	2,962,118		2,962,118
Federally funded programs	14,443		14,443
Unrestricted	<u>1,756,076</u>	<u>360,000</u>	<u>2,116,076</u>
<b>Total net assets</b>	<u>\$8,232,906</u>	<u>\$427,472</u>	<u>\$8,660,378</u>

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental activities:</b>						
<b>Instruction:</b>						
Regular	\$1,054,496	\$119,395	\$218,093	(\$717,008)		(\$717,008)
Vocational	3,129,116	236,184	214,967	(2,677,965)		(2,677,965)
Adult education	689,896	309,846	280,042	(100,008)		(100,008)
<b>Support services:</b>						
Pupil	398,816		202,997	(195,819)		(195,819)
Instructional staff	237,833	5,624	83,279	(148,930)		(148,930)
Board of education	55,311			(55,311)		(55,311)
Administration	555,907	46,753	29,968	(479,186)		(479,186)
Fiscal	268,527			(268,527)		(268,527)
Operations and maintenance	601,440	788		(600,652)		(600,652)
Pupil transportation	30,536			(30,536)		(30,536)
Central	319,474	1,400	3,888	(314,186)		(314,186)
Operation of non-instructional services						
Other non-instructional services	45,758			(45,758)		(45,758)
Extracurricular activities	27,978	6,354		(21,624)		(21,624)
Interest and fiscal charges	8,551			(8,551)		(8,551)
Total governmental activities	<u>7,423,639</u>	<u>726,344</u>	<u>1,033,234</u>	<u>(5,664,061)</u>		<u>(5,664,061)</u>
<b>Business-type activities:</b>						
Rotary	296,457	271,720			(\$24,737)	(24,737)
Food service	150,059	119,717	48,163		17,821	17,821
Uniform school supplies	56,524	52,674			(3,850)	(3,850)
Total business-type activities	<u>503,040</u>	<u>444,111</u>	<u>48,163</u>		<u>(10,766)</u>	<u>(10,766)</u>
Totals	<u>\$7,926,679</u>	<u>\$1,170,455</u>	<u>\$1,081,397</u>	<u>(5,664,061)</u>	<u>(10,766)</u>	<u>(5,674,827)</u>
<b>General Revenues:</b>						
<b>Property taxes levied for:</b>						
General purposes				2,532,391		2,532,391
Capital projects				537,422		537,422
Grants and entitlements not restricted to specific programs				3,381,115		3,381,115
Investment earnings				262,667	1,495	264,162
Miscellaneous				43,402		43,402
Total general revenues				<u>6,756,997</u>	<u>1,495</u>	<u>6,758,492</u>
Transfers				(10,000)	10,000	
Total general revenues, and transfers				<u>6,746,997</u>	<u>11,495</u>	<u>6,758,492</u>
Change in net assets				1,082,936	729	1,083,665
<b>Net assets beginning of year</b>				<u>7,149,970</u>	<u>426,743</u>	<u>7,576,713</u>
<b>Net assets end of year</b>				<u>\$8,232,906</u>	<u>\$427,472</u>	<u>\$8,660,378</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents	\$1,992,523	\$248,312	\$600,062	\$2,262,760	\$54,404	\$5,158,061
<b>Receivables:</b>						
Taxes	2,705,290		531,746			3,237,036
Accounts Intergovernmental	295	3,599			6,896	10,790
Accrued interest	19,648				5,300	5,300
Interfund loans	93,261					19,648
Prepayments	38,519					93,261
Total assets	<u>4,849,536</u>	<u>251,911</u>	<u>1,131,808</u>	<u>2,262,760</u>	<u>66,600</u>	<u>8,562,615</u>
<b>Liabilities:</b>						
Accounts payable	5,656	873	190		91	6,810
Accrued wages and benefits	554,102	33,124			30,808	618,034
Compensated absences payable	25,536					25,536
Pension obligation payable	80,251	9,319			4,183	93,753
Intergovernmental payable	9,064	818			917	10,799
Interfund loans payable					7,363	7,363
Deferred revenue	300,727		56,086			356,813
Unearned revenue	2,199,706		432,260			2,631,966
Total liabilities	<u>3,175,042</u>	<u>44,134</u>	<u>488,536</u>		<u>43,362</u>	<u>3,751,074</u>
<b>Fund Balances:</b>						
Reserved for encumbrances	42,487	10,369	43,526		2,095	98,477
Reserved for prepayments	38,519					38,519
Reserved for property tax unavailable for appropriation	223,197		43,400			266,597
Unreserved, undesignated, reported in:						
General fund	1,370,291					1,370,291
Special revenue funds		197,408			21,143	218,551
Capital projects funds			556,346	2,262,760		2,819,106
Total fund balances	<u>1,674,494</u>	<u>207,777</u>	<u>643,272</u>	<u>2,262,760</u>	<u>23,238</u>	<u>4,811,541</u>
Total liabilities and fund balances	<u>\$4,849,536</u>	<u>\$251,911</u>	<u>\$1,131,808</u>	<u>\$2,262,760</u>	<u>\$66,600</u>	<u>\$8,562,615</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2007**

<b>Total governmental fund balances</b>	<b>\$4,811,541</b>
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*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,587,045
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.

Taxes	\$338,473
Accrued interest	<u>18,340</u>

Total	356,813
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Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.

Compensated absences	(434,879)
Capital lease obligation	<u>(87,614)</u>

Total	<u>(522,493)</u>
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<b>Net assets of governmental activities</b>	<b><u><u>\$8,232,906</u></u></b>
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*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, 2007**

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>						
<b>From local sources:</b>						
Taxes	\$2,471,551		\$523,869			\$2,995,420
Tuition	355,579	\$363,623				719,202
Earnings on investments	244,327					244,327
Extracurricular					\$6,354	6,354
Other local revenues	9,303	34,887			102,986	147,176
Intergovernmental revenue	3,531,409	230,821	67,799		496,432	4,326,461
Total revenues	<u>6,612,169</u>	<u>629,331</u>	<u>591,668</u>		<u>605,772</u>	<u>8,438,940</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	1,011,116		32,830			1,043,946
Vocational	2,615,455		232,984		213,781	3,062,220
Adult education		602,138			89,653	691,791
<b>Support services:</b>						
Pupil	194,287		1,880		204,203	400,370
Instructional staff	136,101	10,929	10,648		88,209	245,887
Board of education	55,311					55,311
Administration	464,743	90,856	8,834		290	564,723
Fiscal	253,781		15,815			269,596
Operations and maintenance	572,943		19,235			592,178
Pupil transportation	2,890		78,544			81,434
Central	267,782	2,720	233,890		7,851	512,243
<b>Operation of non-instructional services:</b>						
Other non-instructional services			36,308			36,308
Extracurricular activities	27,838					27,838
Capital outlay			34,850			34,850
<b>Debt service:</b>						
Principal retirement		1,815	40,193			42,008
Interest and fiscal charges		306	8,245			8,551
Total expenditures	<u>5,602,247</u>	<u>708,764</u>	<u>754,256</u>		<u>603,987</u>	<u>7,669,254</u>
Excess (deficiency) of revenues over (under) expenditures	1,009,922	(79,433)	(162,588)		1,785	769,686
<b>Other financing sources (uses):</b>						
Transfers in		85,000		\$250,000	10,176	345,176
Transfers (out)	(351,153)				(4,023)	(355,176)
Capital lease transactions			34,850			34,850
Total other financing sources (uses)	<u>(351,153)</u>	<u>85,000</u>	<u>34,850</u>	<u>250,000</u>	<u>6,153</u>	<u>24,850</u>
Net change in fund balances	658,769	5,567	(127,738)	250,000	7,938	794,536
Fund balances at beginning of year	1,015,725	202,210	771,010	2,012,760	15,300	4,017,005
Fund balances at end of year	<u>\$1,674,494</u>	<u>\$207,777</u>	<u>\$643,272</u>	<u>\$2,262,760</u>	<u>\$23,238</u>	<u>\$4,811,541</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**Net change in fund balances - total governmental funds** \$794,536

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$591,403	
Current year depreciation	(370,658)	
Total		220,745

Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (37,655)

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

Taxes	74,393	
Intergovernmental revenue	(15,098)	
Accrued interest	18,340	
Total		77,635

Capital lease transactions are recorded as revenue in the funds, however in the statement of activities, they are not reported as revenues as they increase the liabilities in the statement of net assets. (34,850)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 42,008

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. 20,517

**Change in net assets of governmental activities** **\$1,082,936**

*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, 2007**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
<b>From local sources:</b>				
Taxes	\$2,328,387	\$2,449,241	\$2,449,241	
Tuition	338,034	355,579	355,579	
Earnings on investments	231,699	243,725	244,385	\$660
Other local revenues	7,724	8,125	3,962	(4,163)
Intergovernmental - Intermediate	20,536	21,602	21,602	
Intergovernmental - State	3,336,612	3,509,807	3,509,807	
Total revenues	<u>6,262,992</u>	<u>6,588,079</u>	<u>6,584,576</u>	<u>(3,503)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,004,600	998,981	998,590	391
Vocational	2,624,040	2,609,368	2,607,330	2,038
<b>Support services:</b>				
Pupil	199,840	198,723	198,723	
Instructional staff	136,724	135,960	135,960	
Board of education	62,838	62,487	62,487	
Administration	462,003	459,420	450,628	8,792
Fiscal	270,706	269,192	260,778	8,414
Operations and maintenance	603,610	600,235	579,016	21,219
Pupil transportation	2,938	2,922	2,922	
Central	264,253	262,775	262,775	
Extracurricular activities	35,271	35,074	35,074	
Total expenditures	<u>5,666,823</u>	<u>5,635,137</u>	<u>5,594,283</u>	<u>40,854</u>
Excess of revenues over expenditures	596,169	952,942	990,293	37,351
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure	6,000	6,000	5,046	(954)
Transfers (out)	(335,000)	(335,000)	(335,000)	
Advances in	67,600	67,600	60,237	(7,363)
Advances (out)	(120,000)	(120,000)	(117,600)	2,400
Sale of capital assets	6,355	6,355	6,507	152
Total other financing sources (uses)	<u>(375,045)</u>	<u>(375,045)</u>	<u>(380,810)</u>	<u>(5,765)</u>
Net change in fund balance	221,124	577,897	609,483	31,586
Fund balance at beginning of year	1,311,708	1,311,708	1,311,708	
Prior year encumbrances appropriated	28,068	28,068	28,068	
<b>Fund balance at end of year</b>	<u><u>\$1,560,900</u></u>	<u><u>\$1,917,673</u></u>	<u><u>\$1,949,259</u></u>	<u><u>\$31,586</u></u>

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)  
ADULT EDUCATION FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
<b>From local sources:</b>				
Tuition	\$436,000	\$372,961	\$321,803	(\$51,158)
Other local revenues	70,850	76,218	73,108	(3,110)
Intergovernmental - State	193,150	230,821	230,821	
Total revenues	<u>700,000</u>	<u>680,000</u>	<u>625,732</u>	<u>(54,268)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Adult education	643,991	658,161	606,792	51,369
<b>Support services:</b>				
Instructional staff	14,500	13,200	11,659	1,541
Administration	89,819	91,536	90,604	932
Central	2,000	3,700	3,420	280
Total expenditures	<u>750,310</u>	<u>766,597</u>	<u>712,475</u>	<u>54,122</u>
Deficiency of revenues under expenditures	<u>(50,310)</u>	<u>(86,597)</u>	<u>(86,743)</u>	<u>(146)</u>
<b>Other financing sources:</b>				
Transfers in	85,000	85,000	85,000	
Total other financing sources	<u>85,000</u>	<u>85,000</u>	<u>85,000</u>	
Net change in fund balance	34,690	(1,597)	(1,743)	(146)
Fund balance at beginning of year	222,571	222,571	222,571	
Prior year encumbrances appropriated	17,027	17,027	17,027	
<b>Fund balance at end of year</b>	<u><u>\$274,288</u></u>	<u><u>\$238,001</u></u>	<u><u>\$237,855</u></u>	<u><u>(\$146)</u></u>

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2007**

	<b>Business-Type Activities</b>
	<b>Nonmajor Enterprise Funds</b>
<b>Assets:</b>	
<b>Current assets:</b>	
Equity in pooled cash and cash equivalents	\$359,538
<b>Receivables:</b>	
Accounts	1,049
Intergovernmental	3,760
Materials and supplies inventory	94,820
Total current assets	459,167
<b>Non-current assets:</b>	
Capital assets, net	67,472
Total assets	526,639
<b>Liabilities:</b>	
<b>Current:</b>	
Accounts payable	1,041
Accrued wages and benefits	7,051
Interfund loans payable	85,898
Pension obligation payable	5,009
Intergovernmental payable	168
Total liabilities	99,167
<b>Net assets:</b>	
Invested in capital assets	67,472
Unrestricted	360,000
Total net assets	\$427,472

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<b>Business-Type Activities</b>
	<b>Non-major Enterprise Funds</b>
<b>Operating revenues:</b>	
Tuition and fees	\$71,172
Sales/charges for services	372,939
Total operating revenues	444,111
<b>Operating expenses:</b>	
Personal services	82,578
Purchased services	11,147
Materials and supplies	399,024
Depreciation	8,343
Other	1,948
Total operating expenses	503,040
Operating loss	(58,929)
<b>Non-operating revenues:</b>	
Federal donated commodities	7,631
Interest revenue	1,495
Grants and subsidies	40,532
Total non-operating revenues	49,658
Income (loss) before transfers	(9,271)
Transfer in	10,000
Change in net assets	729
Net assets at beginning of year	426,743
Net assets at end of year	\$427,472

*See accompanying notes to the basic financial statements.*

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Business-Type Activities Non-major Enterprise Funds</u>
<b>Cash flows from operating activities:</b>	
Cash received from tuition and fees	\$70,974
Cash received from sales/charges for services	372,088
Cash payments for personal services	(83,834)
Cash payments for purchased services	(11,147)
Cash payments for materials and supplies	(393,428)
Cash payments for other expenses	(1,948)
	<u>(47,295)</u>
 <b>Net cash used in operating activities</b>	
	<u>(47,295)</u>
 <b>Cash flows from non-capital financing activities:</b>	
Cash received from grants and subsidies	40,311
Cash received from internal loans	85,000
Cash payments for internal loans	(25,000)
	<u>100,311</u>
 <b>Net cash provided by non-capital financing activities</b>	
	<u>100,311</u>
 <b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(27,908)
	<u>(27,908)</u>
 <b>Net cash used in capital and related financing activities</b>	
	<u>(27,908)</u>
 <b>Cash flows from investing activities:</b>	
Interest received	1,495
	<u>1,495</u>
 <b>Net cash provided by investing activities</b>	
	<u>1,495</u>
 <b>Net increase in cash and cash equivalents</b>	
	<u>26,603</u>
 <b>Cash and cash equivalents at beginning of year</b>	
	<u>332,935</u>
<b>Cash and cash equivalents at end of year</b>	
	<u>359,538</u>
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	(58,929)
 <b>Adjustments:</b>	
Depreciation	8,343
Federal donated commodities	7,631
 <b>Changes in assets and liabilities:</b>	
Increase in accounts receivable	(849)
Increase in materials and supplies inventory	(3,119)
Increase in accounts payable	884
Decrease in accrued wages and benefits	(5,188)
Increase in pension obligation payable	3,991
Increase in intergovernmental payable	38
Decrease in compensated absences payable	(97)
	<u>(97)</u>
 <b>Net cash used in operating activities</b>	
	<u>(\$47,295)</u>

*See accompanying notes to the basic financial statements.*

VANTAGE CAREER CENTER  
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2007

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$55,929
Total assets	<u>55,929</u>
<b>Liabilities:</b>	
Intergovernmental payable	100
Held for employee medical dental reimbursement	17,663
Due to students	38,166
Total liabilities	<u>\$55,929</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, 2007**

**1. DESCRIPTION OF THE SCHOOL**

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

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades, and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 30 non-certificated employees and 55 certificated full-time teaching personnel, who provide services to 449 students and other community members.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Career Center also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The Career Center has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The Career Center has elected not to apply these FASB Statements and Interpretations. The Career Center's significant accounting policies are described below.

**A. Reporting Entity**

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

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; (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.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

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

**Jointly Governed Organizations**

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

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

**Van Wert Area Schools Consortium Local Professional Development Committee** - The Career Center is a participant in the Van Wert Area Schools Consortium Local Professional Development Committee (the "Committee") which is a regional council of governments established to provide professional education license renewal standards and procedures. The Committee is governed by a board made up of one teacher from Crestview Local School District, one teacher from Lincolnview Local School District, two teachers from Van Wert City School District, three teachers from Vantage Career Center, two teachers collectively from the Western Buckeye Educational Service Center and the Thomas Edison Mental Retardation and Developmentally Disabled, and one principal from the schools of the Consortium with terms of three years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Van Wert City School District, 641 North Jefferson Street, Van Wert, Ohio.

The Career Center also participates in two 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.

**1. Governmental Funds**

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



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

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

**Adult Education** - The Adult Education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students and reimbursement from the State Department of Education. Expenditures include supplies, salaries and textbooks.

**Permanent Improvement Fund** - The Permanent Improvement fund is used to account for all transactions related to the acquisition and/or construction of permanent improvements.

**Capital Projects Fund** - The Capital Projects fund is used to accumulate money for one or more capital projects.

Other governmental funds of the Career Center are used to account for grants and other resources whose use is restricted to a particular purpose.

**2. Proprietary Funds**

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The Career Center's only proprietary funds are enterprise funds. The following is a description of the Career Center's enterprise funds:

**Enterprise Funds** - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Career Center has three nonmajor enterprise funds to account all transactions related to goods and services, food service operations and uniform school supply activities provided by the Career Center.

**3. Fiduciary Funds**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

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

**1. Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but 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 segment of the business-type activities of the Career Center and 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its proprietary activities. Proprietary funds distinguish operating revenues and expenses from nonoperating items.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Career Center's enterprise funds are sales for food services and uniform supplies as well as charges for services for rotary activities. Operating expenses for the enterprise funds are personnel costs and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

**1. Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Career Center, available means expected to be received within sixty days of fiscal year-end. Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

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

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

**2. Unearned Revenue and Deferred Revenue**

Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2007 are recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

**3. Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair 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 2007 is as follows:

1. 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Van Wert County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center 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 2007.
4. 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.
5. Any revisions that alter the total of any fund and object appropriation must be approved by the Board of Education.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

6. 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.
7. 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, 2007. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control.

**F. Cash and Investments**

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

During fiscal year 2007 investments were limited to 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. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2007 amounted to \$244,327, which includes \$165,146 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.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	n/a
Buildings and improvements	20 - 50 years	n/a
Furniture and equipment	10 - 20 years	10 - 20 years
Vehicles	8 years	n/a

**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 and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**J. Compensated Absences**

Compensated absences of the Career Center consist of vacation leave and severance 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.

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.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2007, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 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 severance payments has been calculated using pay rates in effect at June 30, 2007, 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. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund 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, claims and judgments, 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.

**L. Fund Balance Reserves**

The Career Center reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, and property tax revenue unavailable for appropriation.

The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute.

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

**M. Net Assets**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2007.



**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE**

**Deficit Fund Balances**

Fund balances at June 30, 2007 included the following individual fund deficits:

<b>Non-major Governmental Funds</b>	<b>Deficit</b>
EMIS	\$9
Vocational Education Enhancement	5
Miscellaneous State Grants	3
Vocational Education	32,101
Basic Opportunity Grant	91
Title VI	1

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

Interim monies are to 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;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in 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 year-end, the Career Center had \$1,005 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2007, the carrying amount of all Career Center deposits was \$4,542,867. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2007, \$4,063,993 of the Career Center's bank balance of \$4,463,993 was exposed to custodial risk as discussed below, while \$400,000 was covered by the Federal Deposit Insurance Corporation.

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

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

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 percent 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.

**C. Investments**

As of June 30, 2007, the Career Center had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturities 6 months or Less</u>
FNMA Notes	\$ 999,280	\$ 999,280
U.S. Government money		
U.S. Government money market mutual fund	30,376	30,376
Total	<u>\$1,029,656</u>	<u>\$1,029,656</u>

The weighted average maturity of investments is .11 years.

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

**Credit Risk:** The Career Center's investments were rated AAA and AAA by Standard and Poor's and Moody's Investor Services, respectively.

**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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the 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, 2007:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA Notes	\$999,280	97.05
U.S. Government money market mutual fund	30,376	2.95
Total	<u>\$1,029,656</u>	<u>100.00</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

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

The following is a reconciliation of cash as reported in the footnote above to cash as reported on the statement of net assets as of June 30, 2007:

<b>Cash and Investments per footnote</b>	
Carrying amount of deposits	\$4,542,867
Investments	1,029,656
Cash on hand	1,005
Total	\$5,573,528
 <b>Cash and Investments per Statement of Net Assets</b>	
Governmental activities	\$5,158,061
Business-type activities	359,538
Agency funds	55,929
Total	\$5,573,528

**5. INTERFUND TRANSACTIONS**

**A.** Interfund balances at June 30, 2007 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General	Non-major governmental funds	\$7,363
General	Non-major business-type activities	85,898
Total		\$93,261

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, only internal balances between governmental funds and business-type activities funds at June 30, 2007 are reported in the statement of net assets.

**B.** Interfund transfers for the year ended June 30, 2007, consisted of the following, as reported on the fund financial statements:

<b>Transfers from General fund to:</b>	
Adult education fund	\$85,000
Capital projects fund	250,000
Non-major governmental fund	6,153
Non-major business-type activities	10,000
	\$351,153
 <b>Transfers from non-major governmental fund to:</b>	
Non-major governmental fund	4,023
Total	\$355,176

**VANTAGE CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**5. INTERFUND TRANSACTIONS (Continued)**

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; therefore, only transfers between governmental funds and business-type activities funds at June 30, 2007 are reported in the statement of activities.

**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, public utility and tangible personal property (used in business) located in the Career Center. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. For 2006, tangible personal property is assessed at 18.75 percent for property including inventory. This percentage will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009.

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

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Career Center due to the phasing out of the tax. In calendar years 2007-2010, the Career Center will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**6. PROPERTY TAXES (Continued)**

The Career Center receives property taxes from Van Wert, Putnam, Paulding, Mercer and Auglaize 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 County by June 30, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2007 was \$223,197 in the general fund and \$43,400 in the permanent improvement fund. This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2006 was \$200,887 in the general fund and \$38,394 in the permanent improvement fund.

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

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<b>2006 Second Half Collections</b>		<b>2007 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/residential and other real estate	\$828,624,550	86.54	\$838,831,600	88.22
Public utility personal	56,807,680	5.93	58,957,910	6.20
Tangible personal property	72,062,214	7.53	53,075,544	5.58
<b>Total</b>	<b>\$957,494,444</b>	<b>100.00</b>	<b>\$950,865,054</b>	<b>100.00</b>
Tax rate per \$1,000 of assessed valuation	\$3.80		\$3.80	

**7. RECEIVABLES**

Receivables at June 30, 2007 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported in the statement of net assets follows:

**VANTAGE CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**7. RECEIVABLES (Continued)**

<b>Governmental Activities</b>	
Taxes	\$3,237,036
Accounts	10,790
Intergovernmental	5,300
Accrued interest	19,648
<b>Business-Type Activities</b>	
Accounts	1,049
Intergovernmental	3,760
Total receivables	<u><u>\$3,277,583</u></u>

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

**8. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	<b>Balance 06/30/06</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 06/30/07</b>
<b>Governmental Activities</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$40,000			\$40,000
Total capital assets, not being depreciated	40,000			40,000
<b>Capital assets, being depreciated:</b>				
Land improvements	195,325	2,458		197,783
Buildings and improvements	6,077,255			6,077,255
Furniture and equipment	2,988,224	520,089	(430,030)	3,078,283
Vehicles	194,231	68,856		263,087
Total capital assets, being depreciated	9,455,035	591,403	(430,030)	9,616,408
<b>Less: accumulated depreciation:</b>				
Land improvements	(147,531)	(9,599)		(157,130)
Building and improvements	(3,634,829)	(121,819)		(3,756,648)
Furniture and equipment	(2,159,654)	(220,699)	392,375	(1,987,978)
Vehicles	(149,066)	(18,541)		(167,607)
Total accumulated depreciation	(6,091,080)	(370,658)	392,375	(6,069,363)
Governmental activities capital assets, net	3,403,955	220,745	(37,655)	3,587,045
<b>Business-Type Activities</b>				
<b>Capital assets, being depreciated:</b>				
Furniture and equipment	248,200	27,908	(14,400)	261,708
Less: accumulated depreciation	(200,293)	(8,343)	14,400	(194,236)
Total	\$47,907	\$19,565	\$0	\$67,472

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**8. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

<b>Instruction:</b>	
Regular	\$10,556
Vocational	295,495
Adult education	3,631
<b>Support Services:</b>	
Pupil	60
Instructional staff	5,971
Administration	7,970
Fiscal	1,318
Operations and maintenance	18,109
Pupil transportation	17,958
Operation of non-instructional services	9,450
Extracurricular activities	140
Total depreciation expense	<u><u>\$370,658</u></u>

Depreciation expense was charged to the business-type activities as follows:

<b>Non-major business-type activities</b>	
Food service	<u>\$8,343</u>
Total depreciation expense	<u><u>\$8,343</u></u>

**9. CAPITAL LEASES - LESSEE DISCLOSURE**

In the current and previous years the Career Center entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Copier equipment in the amount of \$850 has not been capitalized since the asset does not meet the District's capitalization threshold. A corresponding liability of \$838 at June 30, 2007 has been recorded in the government-wide financial statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$129,784. 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, 2007 was \$69,212, leaving a book value of \$60,572. Principal payments in fiscal year 2007 totaled \$40,193 paid by the Permanent Improvement fund and \$1,815 paid by the Adult Education 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, 2007:



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

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

Fiscal Year Ending June 30,	Amount
2008	\$51,414
2009	26,178
2010	8,153
2011	8,153
2012	2,838
Total minimum lease payments	96,736
Less amount representing interest	(9,122)
Total	\$87,614

**10. LONG-TERM OBLIGATIONS**

A. During fiscal year 2007, the following activity occurred in long-term obligations:

	Balance Outstanding 06/30/06	Additions	Reductions	Balance Outstanding 06/30/07	Amounts Due in One Year
<b>Governmental Activities:</b>					
Capital lease obligations	\$94,772	\$34,850	(\$42,008)	\$87,614	\$46,067
Compensated absences	476,010	99,866	(115,461)	460,415	64,668
Total long-term obligations, governmental activities	\$570,782	\$134,716	(\$157,469)	\$548,029	\$110,735

Compensated absences are paid from the funds from which salaries are paid which include the General fund, Adult Education fund and the Vocational Education fund (a nonmajor governmental fund).

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9 percent of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1 percent of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1 percent of the property valuation of the Career Center.

The assessed valuation use 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, 2007, are a voted debt margin of \$79,833,257 and an unvoted debt margin of \$887,036.

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

**11. EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. 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 percent of 120 of the accrued sick leave days up to 30 days and up to an additional 29 days for amounts over 120 days for a maximum of 59 days.

**12. RISK MANAGEMENT**

The Career Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Career Center maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, public official bonds, and professional liability. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2006.

**Group Purchasing Pools**

**Ohio School Boards Association 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 through the Ohio School Board Association 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.

**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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(Continued)**

**13. DEFINED BENEFIT PENSION PLAN**

**A. School Employees Retirement System**

The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.

SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

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 2007, 10.68 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board.

The Career Center's required contribution for pension obligations to SERS for fiscal years ended 2007, 2006, and 2005 were \$102,993, \$100,342, and \$95,090, respectively; 100 percent has been contributed for fiscal years 2007, 2006 and 2005.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

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

**13. DEFINED BENEFIT PENSION PLAN (Continued)**

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, 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. For fiscal years 2006 and 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions to fund pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$411,657, \$394,142, and \$409,414, respectively; 100 percent has been contributed for fiscal years 2007, 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$14,248 made by the Career Center and \$13,569 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2007, 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**

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

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount equaled \$31,666 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.5 billion. For the fiscal year ended June 30, 2006 (the latest information available), net health care costs paid by STRS Ohio were \$282.743 million and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at \$35,800. Total surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, Career Center paid \$51,107 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were \$158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of \$295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

**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 and major special revenue 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);

**VANTAGE CAREER CENTER  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**15. BUDGETARY BASIS OF ACCOUNTING (Continued)**

(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 a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP 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 and the Adult Education fund is as follows:

	<b>Net Change in Fund Balance</b>	
	<b>General Fund</b>	<b>Adult Education</b>
Budget basis	\$609,483	(\$1,743)
Net adjustment for revenue accruals	27,593	3,599
Net adjustment for expenditure accruals	(51,228)	(6,746)
Net adjustment for other sources/uses	29,657	
Adjustment for encumbrances	43,264	10,457
GAAP basis	\$658,769	\$5,567

**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. STATUTORY RESERVES**

The Career Center is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a GAAP-basis. During the fiscal year ended June 30, 2007, the reserve activity was as follows:

**VANTAGE CAREER CENTER  
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

**17. STATUTORY RESERVES (Continued)**

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside balance as of June 30, 2006	(\$942,322)	
Current year set-aside requirement	70,514	\$70,514
Qualifying disbursements	(240,037)	(577,912)
	(1,111,845)	(507,398)
Total		
Balance carried forward to FY 2008	(\$1,111,845)	\$0

The Career Center had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement of future fiscal years.

Although the Career Center had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**18. SUBSEQUENT EVENTS**

Stacie Kaufman was hired as Superintendent of the Career Center as of August 1, 2007.

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# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Vantage Career Center, Van Wert County, (the Career Center), as of and for the fiscal year ended June 30, 2007, which collectively comprise the Career Center's basic financial statements, and have issued our report thereon dated March 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Career Center's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Career Center's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Career Center's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Career Center's management in a separate letter dated March 21, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the Career Center's management in a separate letter dated March 21, 2008.

We intend this report solely for the information and use of the management and the Board of Education. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 21, 2008

VANTAGE CAREER CENTER  
VAN WERT COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-001	Finding for Recovery	Yes	Repaid Under Audit.





**Mary Taylor, CPA**  
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  
MAY 1, 2008**