



**VANGUARD SENTINEL JOINT VOCATIONAL SCHOOL DISTRICT
SANDUSKY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VANGUARD SENTINEL JOINT VOCATIONAL SCHOOL DISTRICT
TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Groups June 30, 1999	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Similar Trust Funds – For the Fiscal Year Ended June 30, 1999	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budget Basis) – All Governmental Fund Types and Similar Trust Funds – For the Fiscal Year Ended June 30, 1999	5
Combined Statement of Revenues, Expenses and Changes in Fund Equity – All Proprietary Fund Types and Similar Trust Funds – For the Fiscal Year Ended June 30, 1999	9
Combined Statement of Cash Flows – All Proprietary Fund Types and Similar Trust Funds – For the Fiscal Year Ended June 30, 1999	11
Combined Statement of Revenues, Expenses and Changes in Fund Equity – Budget and Actual (Budget Basis) – All Proprietary Fund Types and Similar Trust Funds – For the Fiscal Year Ended June 30, 1999	13
Notes to the Combined Financial Statements	14
Schedule of Federal Award Expenditures	41
Notes to the Schedule of Federal Award Expenditures	42
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	45
Schedule of Findings	47

This Page Intentionally Left Blank



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Vanguard Sentinel Joint Vocational School District
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Vanguard Sentinel Joint Vocational School District, Sandusky County, (the School District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vanguard Sentinel Joint Vocational School District, Sandusky County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 1999 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the School District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

December 20, 1999

Vanguard-Sentinel Career Centers
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types				Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			Enterprise	Trust and Agency	
Assets and Other Debits:									
Assets:									
Equity in Pooled Cash and Cash Equivalents	\$ 1,687,878	\$ 188,336	\$ 633,333	\$ 1,479,629	\$ 180,323	\$ 245,741	\$ 0	\$ 0	\$ 4,415,240
Cash and Cash Equivalents:									
In Segregated Accounts Receivables:	131	0	0	0	0	0	0	0	131
Accounts	5,978	5,180	0	0	21,522	2,419	0	0	35,099
Intergovernmental	27,577	67,957	0	0	0	2,320	0	0	97,854
Accrued Interest	47,859	0	0	0	0	0	0	0	47,859
Interfund Receivable	120,000	0	0	0	0	0	0	0	120,000
Property and Other Local Taxes	3,144,208	0	0	0	0	0	0	0	3,144,208
Prepaid Items	83,253	2,755	0	0	2,595	12	0	0	88,615
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	354,786	0	0	0	0	0	0	0	354,786
Inventory Held for Resale	0	0	0	0	5,820	0	0	0	5,820
Materials and Supplies Inventory	0	0	0	0	7,028	0	0	0	7,028
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	61,638	0	18,868,016	0	18,929,654
Other Debits:									
Amount Available in Debt Service Fund for Retirement of Long Term Obligations	0	0	0	0	0	0	0	633,333	633,333
Amount to be Provided from General Government Resources	0	0	0	0	0	0	0	755,702	755,702
Total Assets and Other Debits	\$ 5,471,670	\$ 264,228	\$ 633,333	\$ 1,479,629	\$ 278,926	\$ 250,492	\$ 18,868,016	\$ 1,389,035	\$ 28,635,329

Vanguard-Sentinel Career Centers
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations		
Liabilities, Fund Equity and Other Credits:										
Liabilities:										
Accounts Payable	\$ 74,314	\$ 18,399	\$ 0	\$ 412	\$ 1,901	\$ 1,527	\$ 0	\$ 0	\$ 0	\$ 96,553
Accrued Wages	851,581	72,043	0	0	37,540	938	0	0	0	962,102
Compensated Absences Payable	18,823	0	0	0	46,036	0	0	753,297	0	818,156
Interfund Payable	0	120,000	0	0	0	0	0	0	0	120,000
Deferred Revenue	2,684,807	0	0	0	4,800	0	0	0	0	2,689,607
Due to Students	0	0	0	0	0	40,089	0	0	0	40,089
Equipment Loan Payable	0	0	0	0	0	0	0	2,405	0	2,405
School Facilities Loan Payable	0	0	0	0	0	0	0	633,333	0	633,333
Total Liabilities	3,629,525	210,442	0	412	90,277	42,554	0	1,389,035	0	5,362,245
Fund Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	18,868,016	0	0	18,868,016
Contributed Capital	0	0	0	0	12,300	0	0	0	0	12,300
Retained Earnings:										
Unreserved	0	0	0	0	176,349	0	0	0	0	176,349
Fund Balance:										
Reserved for Encumbrances	440,797	19,358	0	3,024	0	784	0	0	0	463,963
Reserved for Property Taxes	452,972	0	0	0	0	0	0	0	0	452,972
Reserved for Debt Service:										
Principal	0	0	633,333	0	0	0	0	0	0	633,333
Reserved for Budget Stabilization	354,786	0	0	0	0	0	0	0	0	354,786
Reserved for Trust	0	0	0	0	0	84,033	0	0	0	84,033
Unreserved:										
Undesignated	593,590	34,428	0	1,476,193	0	123,121	0	0	0	2,227,332
Total Fund Equity and Other Credits	1,942,145	53,786	633,333	1,479,217	188,649	207,938	18,868,016	0	0	23,273,084
Total Liabilities, Fund Equity and Other Credits	\$ 5,471,670	\$ 264,228	\$ 633,333	\$ 1,479,629	\$ 278,926	\$ 250,492	\$ 18,868,016	\$ 1,389,035	\$ 28,635,329	

See accompanying notes to the general purpose financial statements

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
Revenues:						
Intergovernmental	\$ 5,917,299	\$ 804,643	\$ 0	\$ 0	\$ 0	\$ 6,721,942
Interest	262,533	0	0	0	0	262,533
Tuition and Fees	7,801	0	0	0	0	7,801
Gifts and Donations	0	3,121	0	0	0	3,121
Property & Other Local Taxes	3,138,554	0	0	0	0	3,138,554
Miscellaneous	288,110	68,890	0	0	32,866	389,866
Total Revenues	9,614,297	876,654	0	0	32,866	10,523,817
Expenditures:						
Current:						
Instruction:						
Regular	234,242	0	0	0	0	234,242
Special	139,256	20,076	0	0	0	159,332
Vocational	5,823,275	135,496	0	0	10,707	5,969,478
Adult/Continuing	0	128,556	0	0	11,880	140,436
Support Services:						
Pupils	176,981	323,160	0	0	0	500,141
Instructional Staff	301,756	176,778	0	0	3,859	482,393
Board of Education	51,869	0	0	0	0	51,869
Administration	568,445	40,503	0	0	0	608,948
Fiscal	319,498	1,747	0	0	0	321,245
Operation and Maintenance of Plant	1,286,738	11,671	0	0	0	1,298,409
Pupil Transportation	38,970	6,438	0	0	0	45,408
Central	0	107,089	0	0	0	107,089
Operation of Non-Instructional Services	0	4,640	0	0	0	4,640
Extracurricular Activities	11,588	0	0	0	0	11,588
Capital Outlay	0	0	0	5,358	21	5,379
Debt Service:						
Principal Retirement	4,124	0	66,667	0	0	70,791
Total Expenditures	8,956,742	956,154	66,667	5,358	26,467	10,011,388

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service Capital Projects		
Excess of Revenues Over (Under) Expenditures	657,555	(79,500)	(66,667)	6,399	512,429
Other Financing Sources (Uses):					
Proceeds of Notes	0	0	0	0	0
Proceeds from Sale of Fixed Assets	400	0	0	0	400
Refund of Prior Year Expenditures	580	0	0	0	580
Refund of Prior Year Receipts	0	0	0	0	0
Operating Transfers In	0	12,755	400,000	0	412,755
Operating Transfers Out	(412,810)	0	0	0	(412,810)
Increase (Decrease) in Fair Value of Investments	(5,256)	0	0	0	(5,256)
Total Other Financing Sources (Uses)	(417,086)	12,755	400,000	0	(4,331)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	240,469	(66,745)	(66,667)	6,399	508,098
Fund Balances (Deficit) at Beginning of Year	1,601,676	120,531	700,000	113,210	3,619,992
Fund Balances (Deficits) at End of Year	\$ 1,842,145	\$ 53,786	\$ 633,333	\$ 119,609	\$ 4,128,090

See accompanying notes to the general purpose financial statements

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	General Fund			Special Revenue Funds			Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Intergovernmental	\$ 5,854,430	\$ 5,921,354	\$ 66,924	\$ 891,069	\$ 802,143	(\$ 88,926)	\$ 0	\$ 0	\$ 0
Interest	280,000	251,956	(28,044)	0	0	0	0	0	0
Tuition and Fees	7,000	7,801	801	0	0	0	0	0	0
Gifts and Donations	0	0	0	1,700	3,121	1,421	0	0	0
Property & Other Local Taxes	3,028,995	3,045,342	16,347	0	0	0	0	0	0
Miscellaneous	284,462	287,980	3,518	81,693	78,995	(2,698)	0	0	0
Total Revenues	9,454,887	9,514,433	59,546	974,462	884,259	(90,203)	0	0	0
Expenditures:									
Current:									
Instruction:									
Regular	239,183	233,055	6,128	0	0	0	0	0	0
Special	134,912	131,166	3,746	20,514	20,254	260	0	0	0
Vocational	6,177,788	6,093,530	84,258	147,007	140,067	6,940	0	0	0
Adult/Continuing	0	0	0	155,469	131,238	24,231	0	0	0
Support Services:									
Pupils	184,323	174,699	9,624	352,355	320,292	32,063	0	0	0
Instructional Staff	311,010	306,630	4,380	188,633	180,774	7,859	0	0	0
Board of Education	51,877	45,635	6,242	0	0	0	0	0	0
Administration	576,863	560,127	16,736	43,761	35,856	7,905	0	0	0
Fiscal	324,034	314,335	9,699	1,747	1,747	0	0	0	0
Operation and Maintenance of Plant	1,556,067	1,513,939	42,128	11,111	10,811	300	0	0	0
Pupil Transportation	45,977	42,587	3,390	6,233	6,233	0	0	0	0
Central	0	0	0	114,251	110,022	4,229	0	0	0
Operation of Non-Instructional Services	0	0	0	9,543	9,530	13	0	0	0
Extracurricular Activities	12,000	11,588	412	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0	0	0	0
Debt Service:									
Principal Retirement	0	0	0	0	0	0	66,668	66,667	1
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0
Total Expenditures	9,614,034	9,427,291	186,743	1,050,624	966,824	83,800	66,668	66,667	1
Excess of Revenues Over (Under) Expenditures	(159,147)	87,142	246,289	(76,162)	(82,565)	(6,403)	(66,668)	(66,667)	1

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	General Fund			Special Revenue Funds			Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):									
Proceeds from Sale of Fixed Assets	500	400	(100)	0	0	0	0	0	0
Proceeds from Sale of Notes	0	0	0	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	1,878	1,878	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0	0	0	0
Advances In	92,000	92,000	0	0	120,000	120,000	0	0	0
Advances Out	(130,000)	(120,000)	10,000	0	(92,000)	(92,000)	0	0	0
Operating Transfers In	0	0	0	12,755	12,755	0	0	0	0
Operating Transfers Out	(427,000)	(412,810)	14,190	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(464,500)	(438,532)	25,968	12,755	40,755	28,000	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(623,647)	(351,390)	272,257	(63,407)	(41,910)	21,597	(56,668)	(66,667)	1
Fund Balances (Deficit) at Beginning of Year	1,268,617	1,268,617	0	141,948	141,948	0	700,000	700,000	0
Prior year Encumbrances Appropriated	625,684	625,684	0	53,760	53,760	0	0	0	0
Fund Balances (Deficit) at End of Year	\$ 1,270,654	\$ 1,542,911	\$ 272,257	\$ 132,301	\$ 153,898	\$ 21,597	\$ 633,332	\$ 633,333	\$ 1

See accompanying notes to the general purpose financial statements

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Intergovernmental	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,745,499	\$ 6,723,497	(\$ 22,002)
Interest	0	0	0	0	0	0	280,000	251,956	(28,044)
Tuition and Fees	0	0	0	0	0	0	7,000	7,801	801
Gifts and Donations	0	0	0	0	0	0	1,700	3,121	1,421
Property & Other Local Taxes	0	0	0	0	0	0	3,028,995	3,045,342	16,347
Miscellaneous	0	0	0	30,060	32,516	2,456	396,215	399,491	3,276
Total Revenues	0	0	0	30,060	32,516	2,456	10,459,409	10,431,208	(28,201)
Expenditures:									
Current:									
Instruction:									
Regular	0	0	0	0	0	0	239,183	233,055	6,128
Special	0	0	0	0	0	0	155,426	151,420	4,006
Vocational	0	0	0	15,165	11,263	3,902	6,339,960	6,244,860	95,100
Adult/Continuing	0	0	0	12,568	11,973	595	168,037	143,211	24,826
Support Services:									
Pupils	0	0	0	0	0	0	536,678	494,991	41,687
Instructional Staff	0	0	0	5,528	4,179	1,349	505,171	491,583	13,588
Board of Education	0	0	0	0	0	0	51,877	45,635	6,242
Administration	0	0	0	0	0	0	620,624	595,983	24,641
Fiscal	0	0	0	0	0	0	325,781	316,082	9,699
Operation and Maintenance of Plant	0	0	0	0	0	0	1,567,178	1,524,750	42,428
Pupil Transportation	0	0	0	0	0	0	52,210	48,820	3,390
Central	0	0	0	0	0	0	114,251	110,022	4,229
Operation of Non-Instructional Services	0	0	0	0	0	0	9,543	9,530	13
Extracurricular Activities	0	0	0	0	0	0	12,000	11,588	412
Capital Outlay	208,382	8,382	200,000	1,017	21	996	209,399	8,403	200,996
Debt Service:									
Principal Retirement	0	0	0	0	0	0	66,668	66,667	1
Interest and Fiscal Charges	0	0	0	0	0	0	0	0	0
Total Expenditures	208,382	8,382	200,000	34,278	27,436	6,842	10,973,986	10,496,600	477,386
Excess of Revenues Over (Under) Expenditures	(208,382)	(8,382)	200,000	(4,218)	5,080	9,298	(514,577)	(65,392)	449,185

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Other Financing Sources (Uses):									
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0	500	400	(100)
Proceeds from Sale of Notes	0	0	0	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0	0	1,878	1,878
Refund of Prior Year Receipts	0	0	0	0	0	0	0	0	0
Advances In	0	0	0	0	0	0	92,000	212,000	120,000
Advances Out	0	0	0	0	0	0	(130,000)	(212,000)	(82,000)
Operating Transfers In	300,000	400,000	100,000	0	0	0	312,755	412,755	100,000
Operating Transfers Out	0	0	0	0	0	0	(427,000)	(412,810)	14,190
Total Other Financing Sources (Uses)	300,000	400,000	100,000	0	0	0	(151,745)	2,223	153,968
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	91,618	391,618	300,000	(4,218)	5,080	9,298	(666,322)	(63,169)	603,153
Fund Balances (Deficit) at Beginning of Year	1,076,193	1,076,193	0	109,819	109,819	0	3,296,577	3,296,577	0
Prior year Encumbrances Appropriated	8,382	8,382	0	242	242	0	688,068	688,068	0
Fund Balances (Deficit) at End of Year	\$ 1,176,193	\$ 1,476,193	\$ 300,000	\$ 105,843	\$ 115,141	\$ 9,298	\$ 3,318,323	\$ 3,921,476	\$ 603,153

See accompanying notes to the general purpose financial statements

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Funds
 For the Fiscal Year Ended, June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Revenues:			
Tuition	\$ 337,028	\$ 0	\$ 337,028
Sales	135,838	0	135,838
Charges for Services	128,328	0	128,328
Interest	0	4,310	4,310
Total Operating Revenue	601,194	4,310	605,504
Operating Expenses:			
Salaries	469,936	0	469,936
Fringe Benefits	106,252	0	106,252
Purchased Services	28,117	69	28,186
Materials and Supplies	209,015	0	209,015
Cost of Sales	45,852	0	45,852
Depreciation	8,968	0	8,968
Total Operating Expenses	868,140	69	868,209
Operating Income (Loss)	(266,946)	4,241	(262,705)
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	11,303	0	11,303
Federal and State Subsidies	219,781	0	219,781
Interest	832	0	832
Total Non-Operating Revenues (Expenses)	231,916	0	231,916
Income (Loss) Before Operating Transfers	(35,030)	4,241	(30,789)
Operating Transfers In	0	55	55
Net Income (Loss)	(35,030)	4,296	(30,734)

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 All Proprietary Fund Types and Similar Trust Funds
 For the Fiscal Year Ended, June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Retained Earnings/Fund Balance at Beginning of Year	211,379	84,033	295,412
Retained Earnings/Fund Balance at End of Year	176,349	88,329	264,678
Contributed Capital at Beginning of Year	12,300	0	12,300
Contributed Capital at End of Year	12,300	0	12,300
Total Fund Equity at End of Year	\$ 188,649	\$ 88,329	\$ 276,978

See accompanying notes to the general purpose financial statements

Vanguard-Sentinel Career Centers
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$ 266,106	\$ 0	\$ 266,106
Cash Received from Tuition Payments	320,997	0	320,997
Cash Received from Interest Income (Nonexpendable Trusts Only)	0	4,310	4,310
Cash Payments to Suppliers for Goods and Services	(275,450)	(69)	(275,519)
Cash Payments to Employees for Services	(469,489)	0	(469,489)
Cash Payments for Employee Benefits	(105,010)	0	(105,010)
Net Cash Provided by (Used for) Operating Activities	(262,846)	4,241	(258,605)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	245,139	0	245,139
Operating Transfers In	0	55	55
Net Cash Provided by (Used for) Noncapital Financing Activities	245,139	55	245,194
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(16,246)	0	(16,246)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(16,246)	0	(16,246)
Cash Flows from Investing Activities:			
Interest on Investments	\$ 832	\$ 0	\$ 832
Net Cash Provided by (Used for) Investing Activities	\$ 832	\$ 0	\$ 832
Net Increase (Decrease) in Cash and Cash Equivalents	(33,121)	4,296	(28,825)
Cash and Cash Equivalents at Beginning of Year	213,444	84,033	297,477
Cash and Cash Equivalents at End of Year	\$ 180,323	\$ 88,329	\$ 268,652

Vanguard-Sentinel Career Centers
 Combined Statement of Cash Flows
 All Proprietary Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(\$ 266,946)	\$ 4,241	(\$ 262,705)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	8,968	0	8,968
Donated Commodities Used During Year	11,303	0	11,303
Non-Operating Change in Accruals	(25,358)	0	(25,358)
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(16,594)	0	(16,594)
(Increase)/Decrease in Prepaid Items	297	0	297
(Increase)/Decrease in Inventory Held for Resale	(1,187)	0	(1,187)
(Increase)/Decrease in Materials and Supplies Inventory	1,150	0	1,150
(Increase)/Decrease in Intergovernmental Receivables	27,861	0	27,861
Increase/(Decrease) in Accounts Payable	(2,677)	0	(2,677)
Increase/(Decrease) in Accrued Wages	(639)	0	(639)
Increase/(Decrease) in Compensated Absences Payable	1,482	0	1,482
Increase/(Decrease) in Deferred Revenue	(506)	0	(506)
Total Adjustments	4,100	0	4,100
Net Cash Provided by Operating Activities	(\$ 262,846)	\$ 4,241	(\$ 258,605)

Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 1999	
Cash and Cash Equivalents:	
Trust and Agency Funds	\$ 245,741
Less: Expendable Trust Funds	(115,934)
Less: Agency Funds	(41,478)
Cash and Cash Equivalents - Nonexpendable Trust Funds	\$ 88,329

See accompanying Notes to the Financial Statements.

Vanguard-Sentinel Career Centers
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 All Proprietary Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 1999

	Enterprise Funds			Nonexpendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Tuition	\$ 394,500	\$ 320,997	(\$ 73,503)	\$ 0	\$ 0	\$ 0	\$ 394,500	\$ 320,997	(\$ 73,503)
Sales	133,400	136,940	3,540	0	0	0	133,400	136,940	3,540
Charges for Services	99,025	129,166	30,141	0	0	0	99,025	129,166	30,141
Interest	0	0	0	4,000	4,310	310	4,000	4,310	310
Total Revenues	626,925	587,103	(39,822)	4,000	4,310	310	630,925	591,413	(39,512)
Expenses:									
Salaries	480,996	469,489	11,507	0	0	0	480,996	469,489	11,507
Fringe Benefits	111,715	105,095	6,620	0	0	0	111,715	105,095	6,620
Purchased Services	40,673	31,130	9,543	0	0	0	40,673	31,130	9,543
Materials and Supplies	267,690	254,415	13,275	100	69	31	267,790	254,484	13,306
Capital Outlay	17,050	16,246	804	5,000	0	5,000	22,050	16,246	5,804
Other	200	95	105	0	0	0	200	95	105
Total Expenses	918,324	876,470	41,854	5,100	69	5,031	923,424	876,539	46,885
Excess of Revenues Over (Under) Expenses	(291,399)	(289,367)	2,032	(1,100)	4,241	5,341	(292,499)	(285,126)	7,373
Interest	0	832	832	0	0	0	0	832	832
Federal and State Subsidies	189,200	245,139	55,939	0	0	0	189,200	245,139	55,939
Operating Transfers In	0	0	0	50	55	5	50	55	5
Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers	(102,199)	(43,396)	58,803	(1,050)	4,296	5,346	(103,249)	(39,100)	64,149
Fund Equity (Deficit) at Beginning of Year	204,735	204,735	0	84,033	84,033	0	288,768	288,768	0
Prior Year Encumbrances Appropriated	8,709	8,709	0	0	0	0	8,709	8,709	0
Fund Equity (Deficit) at End of Year	\$ 111,245	\$ 170,048	\$ 58,803	\$ 82,983	\$ 88,329	\$ 5,346	\$ 194,228	\$ 258,377	\$ 64,149

See accompanying notes to the general purpose financial statements

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

The School District serves an area of approximately 1600 square miles. The School District is the 6th largest joint vocational school district in the State of Ohio (among 49 joint vocational districts) in terms of enrollment with an enrollment of 1,143 students. The District employed 8 administrative and supervisory personnel, 129 certificated employees and 28 non-certificated employees.

Reporting Entity:

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

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

The School District is associated with certain organizations which are defined as a jointly governed organization and a group purchasing pool. These organizations include the Northern Ohio Educational Computer Association, San-Ott Insurance Consortium and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

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

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

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

Debt Service Fund - the debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types:

Proprietary funds are used to account for activities similar to those found in the private sector. The following are the School district's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for school district activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and an agency fund. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

General Fixed Assets Account Group - this account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

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

B. Measurement Focus and Basis of Accounting

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

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the account period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminate and which are intended to finance fiscal year 2000 operations, have been recorded as deferred 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 the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource.

Tax Budget:

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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which state the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation resolution was legally enacted; however, this amendment was not significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, except agency funds, consistent with statutory provisions.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and the expendable trust funds and reported in the notes to the financial statements for proprietary fund types and the nonexpendable trust fund.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

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

During fiscal year 1999, investments were limited to nonnegotiable certificates of deposit, commercial paper, agency obligations, and Star Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments that mature within one year of acquisition are reported at amortized cost and investments maturities over one year of acquisition are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, interest is credited to the General Fund, unless the law prescribes differently. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$262,533.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Inventory

Inventory of governmental funds is stated at cost while inventory of proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Restricted Assets

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

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two hundred dollars. The School District does not have any infrastructure.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund type is computed using the straight-line method over an estimated useful life of seven to fifteen years.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables".

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

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

Sick leave benefits are accrued using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees who are age 45 or over or have 20 years of retirement service credit.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary fund.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reserves

The School District 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 are established for encumbrances, property taxes, budget stabilization, and contributions to the nonexpendable trust fund that must be kept intact.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Jobs for Ohio's Graduates
Career Development
Teacher Development
Adult Basic and Literacy Education
Chapter I - Migrant Education
Dwight D. Eisenhower Professional Development
Education Management Information Systems
Carl D. Perkins Title II
Title VI

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities
Federal Pell Grant

Grants and entitlements amount to approximately sixty-two percent of the School District's operating revenue during the 1999 fiscal year.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3-- BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Similar Trust Fund are 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:

- (1) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (2) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (3) Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosures in the proprietary fund types and nonexpendable trust fund (GAAP basis).
- (4) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis)

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 3 -- BUDGETARY BASIS OF ACCOUNTING (continued)

The following tables summarize the adjustment necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types and Expendable Trust Fund

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Expendable Trusts</u>
<u>GAAP Basis</u>	\$ 240,469	\$ (66,745)	\$ (66,667)	\$ 394,642	\$ 6,399
<u>Increase (Decrease) Due To:</u>					
Revenue Accruals:					
Accrued FY 1998, Received In Cash FY 1999	440,951	80,742	0	0	4,263
Accrued FY 1999, Not Yet Received in Cash	(540,815)	(73,137)	0	0	(4,613)
Expenditure Accruals:					
Accrued FY 1998, Paid In Cash FY 1999	(865,196)	(65,893)	0	0	(1,116)
Accrued FY 1999, Not Yet Paid in Cash	944,719	90,442	0	412	950
Prepaid Items	(44,933)	(778)	0	0	(12)
Advances In	92,000	120,000	0	0	0
Advances Out	(120,000)	(92,000)	0	0	0
Refund of Prior Year Expenditures	1,298	0	0	0	0
Decrease In Fair Market Value of Investments	5,256	0	0	0	0
Encumbrances Outstanding at Year End (Budget Basis)	(505,139)	(34,441)	0	(3,436)	(791)
Budget Basis	\$ (351,390) =====	\$ (41,810) =====	\$ (66,667) =====	\$ 391,618 =====	\$ 5,080 =====

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 3 -- BUDGETARY BASIS OF ACCOUNTING (continued)

Net Income/Excess of Revenues Over (Under)
 Expenses, Advances and Transfers
 Proprietary Fund Type and Nonexpendable Trust Fund

	<u>Enterprise</u>	Non-Expendable <u>Trust</u>
<u>GAAP Basis</u>	\$ (35,030)	\$ 4,296
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 1998, Received In Cash FY 1999	32,789	0
Accrued FY 1999, Not Yet Received in Cash	(21,522)	0
Expenditure Accruals:		
Accrued FY 1998, Paid In Cash FY 1999	(87,311)	0
Accrued FY 1999, Not Yet Paid in Cash	85,477	0
Prepaid Items	297	0
Inventory Held for Resale	(1,693)	0
Materials & Supplies Inventory	1,150	0
Acquisition of Fixed Assets	(16,245)	0
Depreciation Expense	8,968	0
Encumbrances Outstanding at Year End (Budget Basis)	<u>(10,276)</u>	<u>0</u>
Budget Basis	\$ (43,396) =====	\$ 4,296 =====

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School district into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawal 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 two year period designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

At fiscal year-end, the carrying amount of the School District's deposits was \$1,356,868 and the bank balance was \$1,669,828. Of the bank balance, \$412,170 was covered by federal depository insurance; and \$1,257,658 was collateralized with pooled securities. Although the securities were held by the pledging financial institution, or by its' trust department or safekeeping agent, but not in the School District's name and all State statutory requirements for deposits of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

GASB Statement No. 3 requires that investments be categorized to give an indication of the level of risk assumed by the School district at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the School District's name. Star Ohio is an unclassified investment because it is not evidenced by securities that exist in physical or book entry form.

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities (one year and under)	\$ 999,515	\$ 999,515
U.S. Government Securities (over year in maturity)	\$ 494,744	\$ 494,744
Commercial Paper	<u>\$ 987,759</u>	<u>\$ 987,759</u>
Total Categorized Investments	\$2,482,018	\$2,482,018
<u>Non-Categorized Investments</u>		
STAR Ohio	N/A	<u>\$ 931,271</u>
Total Non-Categorized Investments	N/A	\$ 931,271
Total Investments	<u>\$2,482,018</u> =====	<u>\$3,413,289</u> =====

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 4,770,026	\$ 0
Government Agencies	(1,494,259)	1,494,259
Commercial Paper	(987,759)	987,759
Cash on Hand	131	
STAR Ohio	(931,271)	931,271
	-----	-----
GASB Statement 3	\$ 1,356,868	\$ 3,413,289
	=====	=====

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of utility property appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true 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.

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

The School District receives property taxes from Crawford, Hancock, Huron, Marion, Ottawa, Sandusky, Seneca, Wood, and Wyandot counties. The county auditors periodically advance to the School District its portion of taxes collected. Second-half real property tax payments collected by the counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 5 - PROPERTY TAXES (continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1998. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$452,972 in the General Fund. The amount available as an advance at June 30, 1998, was \$366,189 in the General Fund.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	<u>1998 Second- Half Collections</u>		<u>1999 First- Half Collections</u>	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,558,752,480	75.69%	\$1,610,287,400	75.86%
Public Utility	164,837,010	8.01	170,341,250	8.02
Tangible Personal Property	335,697,460	16.30	342,109,548	16.12
Total Assessed Value	<u>\$2,059,286,950</u>	<u>100.00%</u>	<u>\$2,122,738,198</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$1.60		\$1.60

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, interest, accounts (billings for user charged services), and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<u>Receivables</u>	<u>Amount</u>
General Fund	\$ 31,632
<u>Special Revenue Funds:</u>	
Career Development Grant	11,698
Carl Perkins Grant	56,259
Total Special Revenue Fund	<u>67,957</u>

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 6 – RECEIVABLES – (continued)

<u>Expendable Trust Funds:</u>	
Tuition	2,320

Total Intergovernmental Receivables	\$ 97,854
	=====

NOTE 7 - FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance <u>7/1/98</u>	Additions	Retirements	Balance <u>6/30/99</u>
Land	\$ 167,781	\$ 0	\$ 0	\$ 167,781
Buildings	14,105,842	123,484	0	14,229,326
Furniture and Equipment	3,869,985	660,573	275,451	4,255,107
Vehicles	209,413	6,389	0	215,802
	-----			-----
Total General Fixed Assets	\$ 18,353,021	\$ 790,446	\$ 275,451	\$18,868,016
	=====			=====

The following is a summary of proprietary fund-type fixed assets at June 30, 1999:

	Enterprise <u>Funds</u>
Buildings	\$ 7,000
Machinery and equipment	151,116
Contributed Capital	12,300
Less accumulated depreciation	(108,778)

Net fixed assets	\$ 61,638
	=====

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Buildings - 40 years
 Equipment - 7-15 years

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 8 - INTERFUND TRANSACTIONS

As of June 30, 1999, interfund receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund:</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 120,000	
 <u>Special Revenue:</u>		
Adult Basic Literacy Education - PIC		\$ 15,000
Career Education Grant		15,000
Adult Basic Literacy Education - PIC		25,000
Vocational Planning Grant		65,000

Total Special Revenue		120,000
 TOTAL	 ----- \$ 120,000 =====	 ----- \$ 120,000 =====

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with Utica National Insurance for property and Nationwide for fleet insurance, liability and inland marine coverage.

Coverages provided by Utica and Nationwide Insurance are as follows:

Buildings and contents - Replacement Cost (\$1,000 deductible)	\$ 33,424,403
Boiler and Machinery - Limit per accident (\$1,000 deductible)	33,424,403
Garage Liability	1,000,000
Garage Keepers Liability	45,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per Year	5,000,000
Umbrella Liability	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 1999, the School district participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 9 - RISK MANAGEMENT (continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the Plan.

The School District participates in the San-Ott Insurance Consortium for its health insurance coverage. The School District pays premiums to the Consortium. The Consortium is responsible for the management and operation of the program. (See note 16)

The School District provides life insurance and accidental death and dismemberment insurance to full-time employees through Mutual of Omaha.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The Vanguard-Sentinel Career Centers contribute to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$794,896, \$778,264, and \$742,659, respectively, equal to the required contributions for each fiscal year.

B. School Employees Retirement System

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

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. For the fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$127,803, \$116,541, and \$101,882, respectively, equal to the required contributions for each fiscal year.

C. Social Security System

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

NOTE 11 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5% for fiscal year 1998. For the School District, this amount equaled \$454,226 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the fund was \$2,156 million. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For the fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$70,905 for fiscal year 1999.

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

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 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 12 – EMPLOYEE BENEFITS

A. Compensated Absences

Certified and Classified Employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on twenty-seven percent (27%) of the value of employee's eligible (185 day maximum) accrued but unused sick leave days times the employees daily rate. Employees must have seven years of service in the district.

Administration employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is the certified employee's accrued but unused sick leave days at the time of retirement based on twenty-seven percent (27%) of the value of employee's eligible (240 day maximum) accrued but unused sick leave days times the employees daily rate. Employees must have seven years of service in the district.

B. Health Care Benefits

The School District provides medical and life insurance to all employees through the San-Ott Insurance Consortium. The employees share the cost of the monthly premium with the Board.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during the fiscal year 1999 were as follows:

	<u>Principal Outstanding 6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/99</u>
Vocational Building Assistance No Interest; Matures 9/30/2008	\$ 700,000	\$ 0	\$ 66,667	\$ 633,333
Equipment Loan 0.0% Interest; Matures 1/6/00	6,529	0	4,124	2,405
Compensated Absences Payable	730,987	22,310	0	753,297
Total General Long Term Obligation	<u>\$1,437,516</u>	<u>\$ 22,310</u>	<u>\$ 70,791</u>	<u>\$ 1,389,035</u>

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

On May 31, 1993, the State Board of Education granted a \$1,000,000 interest free loan for the purpose of purchasing the Terra Tech campus on Cedar Street and making necessary renovations. Payments of 33,333 are to be made semi-annually beginning March 31, 1994 and maturing on September 30, 2008.

On January 6, 1997, the District purchased a Xerox 4700 color printer. Thirty-six (36) monthly payments are due in the amount of \$343.

The accrued vacation and sick leave benefits recorded above represent the noncurrent portion of the liability. The current portion has been recorded in the appropriate fund types.

The School District's overall debt margin was \$191,046,438 with an unvoted debt margin of \$2,122,738 at June 30, 1999.

Principal and interest requirements to retire debt outstanding at June 30, 1999 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2000	\$ 69,072		\$ 69,072
2001	66,667		66,667
2002	66,667		66,667
2003	66,667		66,667
2004	66,667		66,667
2005	66,667		66,667
2006	66,666		66,666
2007	66,666		66,666
2008	66,666		66,666
2009	33,333		33,333

Total	\$ 635,738	\$ 0	\$ 635,738
	=====	=====	=====

VANGUARD-SENTINEL CAREER CENTERS
 NOTES TO THE COMBINED FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 14 – RESERVATIONS OF FUND BALANCE

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

The changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999 were as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance June 30, 1998	\$ 0	\$ 0	\$ 55,852	\$ 55,852
Current Year Set Aside Requirement	141,914	141,914	70,957	354,785
Qualifying Expenditures	(141,914)	(141,914)	0	(283,828)
Additional Budget Stabilization Contributions	0	0	227,977	227,977
Balance June 30, 1999	\$ 0 =====	\$ 0 =====	\$ 354,786 =====	\$ 354,786 =====

Amounts of qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, customer service, and adult education. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Vanguard-Sentinel Career Centers as of and for the fiscal year ended June 30, 1999:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Customer Service</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 65,314	\$ 41,670	\$ 106,783	\$ 387,427	\$ 601,194
Operating expenses less depreciation	109,447	39,032	102,047	608,646	859,172
Depreciation expense	3,955	0	0	5,013	8,968
Operating income (loss)	(48,088)	2,638	4,736	(226,232)	(266,946)
Donated Commodities	11,303	0	0	0	11,303
Federal & State Subsidies	28,907	0	0	190,874	219,781
Interest	832	0	0	0	832
Net income (loss)	(7,046)	2,638	4,736	(35,358)	(35,030)
Contributed Capital	0	0	0	12,300	12,300
Fixed Asset Additions	11,669	0	0	4,576	16,245
Fixed Asset Dispositions	4,370	0	0	695	5,065
Net Working Capital	\$ 25,667	\$ 13,074	\$ 78,101	\$ 10,170	\$ 127,012
Total assets	\$ 71,846	\$ 13,074	\$ 78,178	\$ 115,829	\$ 278,927
Total equity	\$ 49,953	\$ 13,074	\$ 78,101	\$ 47,522	\$ 188,650

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

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

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

NOTE 17 - GROUP PURCHASING POOL

San-Ott Schools Employee Welfare Benefit Association -The School District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The School District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$100,000 and aggregate claims in excess of 120 percent of expected claims

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 18 – STATE SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,718,147 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County is currently reviewing the new laws to determine whether they are constitutional under the "thorough and efficient" clause of the Ohio Constitution. On February 26, 1999 a decision was reached by the Perry County Court in favor of the plaintiffs. The defendants have a right to appeal the decision directly to the Ohio Supreme Court. Any decision made by the Court of Common Pleas is likely to be appealed.

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

NOTE 19 – YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations.

Vanguard-Sentinel Career Centers have completed an inventory of computer systems and other equipment that may be affected by the Year 2000 Issue and that are necessary to conducting School District operations. The School District has identified such systems as being financial reporting, employee payroll and benefits and the District's heating systems. The District has three buildings with heating systems that have efficiency utilization measure within the systems.

The School District uses the State of Ohio Uniform Accounting System software for its financial reporting, and the State of Ohio Uniform School Payroll system software for its payroll and employee benefits. The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

The School District's vendor servicing its heating system has assured the District that the heating system is Year 2000 compliant.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management can not assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

VANGUARD-SENTINEL CAREER CENTERS
NOTES TO THE COMBINED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 20 - CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The School District is a party to a suit filed in Sandusky County Common Pleas Court, Case Number 98-CV-488, by Robert J. Flemming for damages totaling \$65,000.00. The case was ruled in the District's favor, but is being appealed by the plaintiff.

The School District is a party to a suit filed in Sandusky County Common Pleas Court, Case Number 99-CV-61, by Joseph Ellison for damages totaling \$75,000.00.

The District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

VANGUARD SENTINEL JOINT VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
(NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project/ Contract Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Direct Program:</i>						
Pell Grant Program	84.063		\$54,600		\$54,600	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education State Grant Program	84.002	051458-AB-S1-99	63,000		63,000	
Migrant Education Basic State Grant Program	84.011	051458-MG-S1-98P 051458-MG-S1-98P	6,273 40,000 <u>46,273</u>		44,270 217 <u>44,487</u>	
Vocational Education Basic Grants to State	84.048	051458-20-C1-00098 051458-20-C2-00098 051458-20-C1-00099 051458-20-C2-00099 051458-20-A4-00099	48,655 5,208 284,689 34,115 93,600 <u>466,266</u>		51,123 1,860 316,572 34,384 4,966 <u>408,906</u>	
Eisenhower Professional Development Grant	84.281	051458-MS-S1-99	2,634			
Innovative Education Strategies Programs	84.298	051458-C2-S1-98 051458-C2-S1-99	4,081 <u>4,081</u>		4,137 <u>4,137</u>	
Total Department of Education			<u>636,854</u>		<u>575,130</u>	
Telecommunications Act Grant	84.XXX		8,042		8,042	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Education:</i>						
Family Support Act-JOBS	93.561	051458-JB-S1-96 051458-JB-S1-97	1,399 <u>1,399</u>		10,181 319 <u>10,500</u>	
Total Department of Health and Human Services			<u>1,399</u>		<u>10,500</u>	
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Distribution	10.550			10,797		11,303
National School Lunch Program	10.555	Section 4 Section 11	6,185 21,186 <u>27,371</u>		6,185 21,186 <u>27,371</u>	
Total Child Nutrition Cluster:			<u>27,371</u>	<u>10,797</u>	<u>27,371</u>	<u>11,303</u>
Total Federal Awards Receipts and Expenditures			<u>\$673,666</u>	<u>\$10,797</u>	<u>\$621,043</u>	<u>\$11,303</u>

VANGUARD SENTINEL JOINT VOCATIONAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require that the School District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule. The Eisenhower Professional Development State Grant and the Telecommunications Act Grant require matching funds.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Vanguard Sentinel Joint Vocational School District
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

We have audited the financial statements of Vanguard Sentinel Joint Vocational School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 20, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Vanguard Sentinel Joint Vocational School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Vanguard Sentinel Joint Vocational School District in a separate letter dated December 20, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Vanguard Sentinel Joint Vocational School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Vanguard Sentinel Joint Vocational School District in a separate letter dated December 20, 1999.

Vanguard Sentinel Joint Vocational School District
Sandusky County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

Jim Petro
Auditor of State

December 20, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

Vanguard Sentinel Joint Vocational School District
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

Compliance

We have audited the compliance of Vanguard Sentinel Joint Vocational School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. Vanguard Sentinel Joint Vocational School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Vanguard Sentinel Joint Vocational School District's management. Our responsibility is to express an opinion on Vanguard Sentinel Joint Vocational School District's compliance based on our audit.

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

In our opinion, Vanguard Sentinel Joint Vocational School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

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

This report is intended for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Jim Petro
Auditor of State

December 20, 1999

VANGUARD SENTINEL JOINT VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VANGUARD SENTINEL JOINT VOCATIONAL SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 6, 2000**