



**Auditor of State
Betty Montgomery**

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of Total Governmental Fund Balances to Net Assets Of Governmental Activities.....	19
Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	22
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – Adult Education Fund	23
Statement of Net Assets - Proprietary Funds.....	24
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund.	25
Statement of Cash Flows – Proprietary Fund	26
Statement of Fiduciary Net Assets – Fiduciary Funds	27
Notes to the Basic Financial Statements.....	29
Schedule of Federal Awards Expenditure	52
Notes to the Schedule of Federal Awards Expenditures.....	53
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	57
Schedule of Findings.....	59

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Career Center, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and Adult Education funds for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposits and Investment Risk Disclosure" and GASB Technical Bulletin 2004-2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2005, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

December 7, 2005

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2005 are as follows:

- In total, net assets increased \$649,940. Net assets of governmental activities increased \$751,417, which represents a 13.35% increase from 2004. Net assets of business-type activities decreased \$101,477 or 26.89% from 2004.
- General revenues accounted for \$6,198,028 in revenue or 78.26% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,721,938 or 21.74% of total revenues of \$7,919,966.
- The Career Center had \$7,168,549 in expenses related to governmental activities; only \$1,721,938 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,198,028 were adequate to provide for these programs.
- The Career Center had \$389,291 in expenses related to business-type activities; \$287,409 of these expenses were offset by program specific charge for services and grants and contributions. General revenues supporting business-type activities of \$405 were not adequate to support these programs.
- The Career Center's major governmental funds are the general fund, adult education fund, permanent improvement fund and capital projects fund. The general fund had \$5,625,327 in revenues and \$5,790,866 in expenditures and other financing uses. The general fund's fund balance decreased \$165,539 from \$733,586 to \$568,047.
- The adult education fund had \$765,186 in revenues and other financing sources and \$745,766 in expenditures. The adult education fund's fund balance increased \$19,420 from \$137,922 to \$157,342.
- The permanent improvement fund had \$688,254 in revenues and other financing sources and \$540,871 in expenditures. The permanent improvement fund's fund balance increased from \$553,337 to \$700,720.
- The capital projects fund had \$150,000 in other financing sources and no expenditures. The capital projects fund balance increased from \$1,362,760 to \$1,512,760.

Using the Basic Financial Statements (BFS)

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

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

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, how did we do financially during 2005? The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The Career Center's statement of net assets and statement of activities can be found on pages 15-17 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 10. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, adult education fund, permanent improvement fund and capital projects fund.

VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO

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

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the Career Center as a whole. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets on page 27. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-52 of this report.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

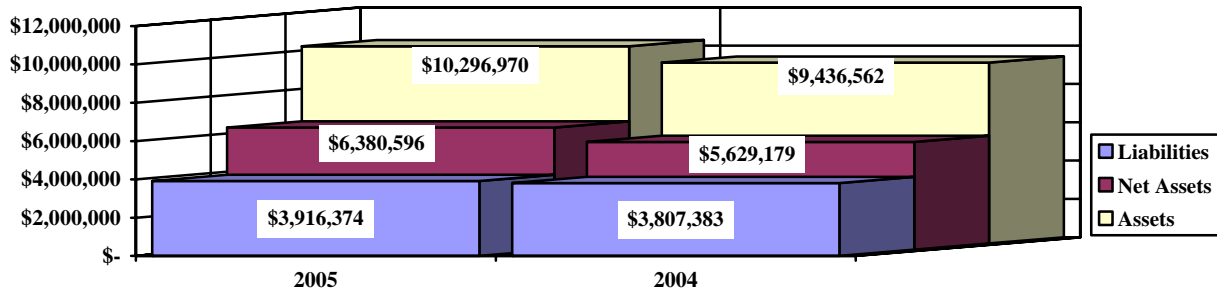
The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole.

The table below provides a summary of the Career Center's net assets for 2005 and 2004.

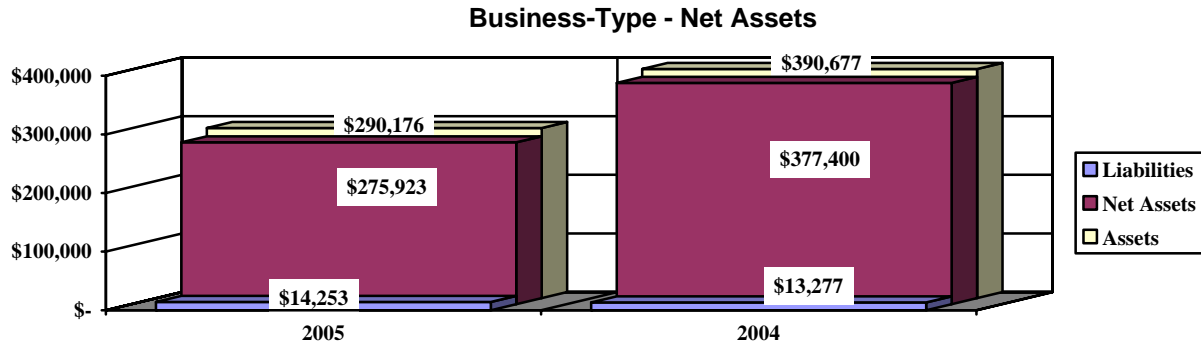
	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Current assets	\$6,800,677	\$5,812,395	\$234,744	\$327,450	\$7,035,421	\$6,139,845
Capital assets	3,496,293	3,624,167	55,432	63,227	3,551,725	3,687,394
Total assets	<u>10,296,970</u>	<u>9,436,562</u>	<u>290,176</u>	<u>390,677</u>	<u>10,587,146</u>	<u>9,827,239</u>
Liabilities						
Current liabilities	3,344,300	3,219,205	14,253	13,277	3,358,553	3,232,482
Long-term liabilities	572,074	588,178			572,074	588,178
Total liabilities	<u>3,916,374</u>	<u>3,807,383</u>	<u>14,253</u>	<u>13,277</u>	<u>3,930,627</u>	<u>3,820,660</u>
Net Assets						
Invested in capital assets, net of related debt	3,367,344	3,498,953	55,432	63,227	3,422,776	3,562,180
Restricted	2,239,397	1,942,971			2,239,397	1,942,971
Unrestricted	773,855	187,255	220,491	314,173	994,346	501,428
Total net assets	<u>\$ 6,380,596</u>	<u>\$ 5,629,179</u>	<u>\$ 275,923</u>	<u>\$ 377,400</u>	<u>\$ 6,656,519</u>	<u>\$ 6,006,579</u>

Governmental - Net Assets



VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO

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



The table below shows the change in net assets for fiscal year 2005 and 2004.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues						
Program revenues:						
Charges for services and sales	\$727,048	\$801,690	\$247,153	\$606,409	\$974,201	\$1,408,099
Operating grants and contributions	994,890	816,100	40,256	39,370	1,035,146	855,470
General revenues:						
Property taxes	3,244,518	2,257,506			3,244,518	2,257,506
Grants and entitlements	2,798,723	3,105,118			2,798,723	3,105,118
Investment earnings	123,431	120,442	405	324	123,836	120,766
Other	31,356	7,007			31,356	7,007
Total revenues	7,919,966	7,107,863	287,814	646,103	8,207,780	7,753,966

(Continued)

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

Expenses

Program expenses:						
Instruction:						
Regular	807,073	743,417		807,073	743,417	
Vocational	3,343,633	3,625,195		3,343,633	3,625,195	
Adult education	732,580	750,343		732,580	750,343	
Support services:						
Pupil	446,455	488,368		446,455	488,368	
Instructional staff	239,415	628,365		239,415	628,365	
Board of Education	63,400	51,499		63,400	51,499	
Administration	501,379	487,642		501,379	487,642	
Fiscal	248,575	255,082		248,575	255,082	
Operations and maintenance	628,703	631,854		628,703	631,854	
Pupil transportation	9,930	26,346		9,930	26,346	
Central	105,670	105,978		105,670	105,978	
Operation of non-instructional services	9,600	9,897		9,600	9,897	
Extracurricular activities	24,777	21,816		24,777	21,816	
Interest and fiscal charges	7,359	6,529		7,359	6,529	
Rotary			175,863	408,933	175,863	408,933
Food service operations			167,713	158,753	167,713	158,753
Uniform school supplies			45,715	63,468	45,715	63,468
Total expenses	<u>7,168,549</u>	<u>7,832,331</u>	<u>389,291</u>	<u>631,154</u>	<u>7,557,840</u>	<u>8,463,485</u>
Changes in net assets	751,417	(724,468)	(101,477)	14,949	649,940	(709,519)
Net assets at beginning of year	<u>5,629,179</u>	<u>6,353,647</u>	<u>377,400</u>	<u>362,451</u>	<u>6,006,579</u>	<u>6,716,098</u>
Net assets at end of year	<u>\$6,380,596</u>	<u>\$5,629,179</u>	<u>\$ 275,923</u>	<u>\$ 377,400</u>	<u>\$6,656,519</u>	<u>\$6,006,579</u>

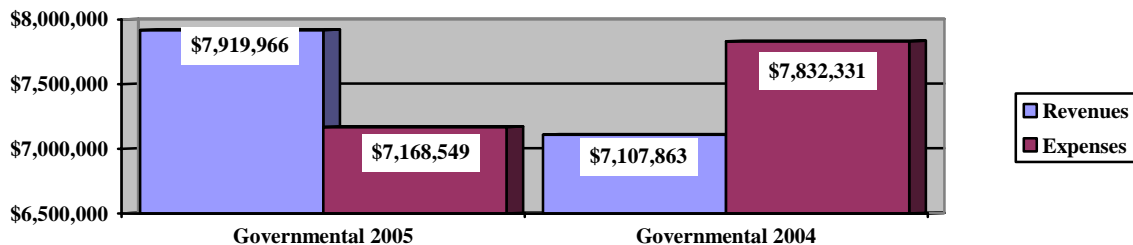
Governmental Activities

Net assets of the Career Center's governmental activities increased \$751,417. Total governmental expenses of \$7,168,549 were offset by program revenues of \$1,721,938 and general revenues of \$6,198,028. Program revenues supported 24.02% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 76.30% of total governmental revenue. Real estate property is reappraised every six years.

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2005 and 2004.

Governmental Activities - Revenues and Expenses



**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

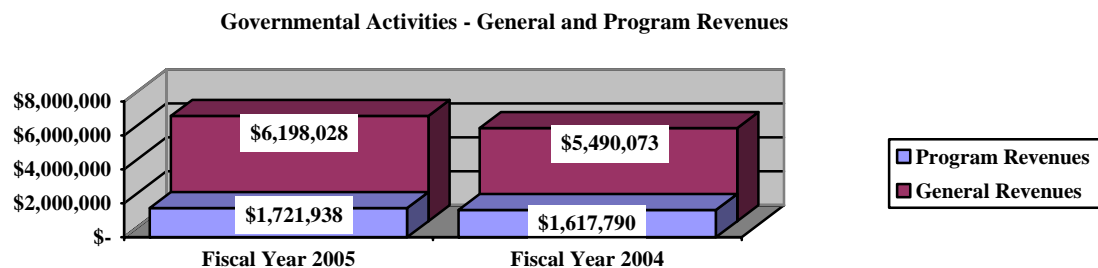
The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. It identifies the cost of these services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

Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005	Total Cost of Services 2004	Net Cost of Services 2004
Program expenses:				
Instruction:				
Regular	\$807,073	\$532,548	\$743,417	\$441,390
Vocational	3,343,633	2,987,960	3,625,195	3,452,588
Adult education	732,580	54,469	750,343	30,220
Support services:				
Pupil	446,455	236,791	488,368	255,635
Instructional staff	239,415	119,649	628,365	548,093
Board of Education	63,400	63,150	51,499	51,499
Administration	501,379	423,490	487,642	392,590
Fiscal	248,575	248,575	255,082	255,082
Operations and maintenance	628,703	628,036	631,854	630,621
Pupil transportation	9,930	9,930	26,346	26,346
Central	105,670	105,670	105,978	92,235
Operation of non-instructional services	9,600	9,600	9,897	9,897
Extracurricular activities	24,777	19,384	21,816	21,816
Interest and fiscal charges	7,359	7,359	6,529	6,529
Total expenses	\$7,168,549	\$5,446,611	\$7,832,331	\$6,214,541

The dependence upon tax revenues during fiscal year 2005 for governmental activities is apparent, as 73.21% of 2005 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 75.98% in 2005. The Career Center's taxpayers, as a whole, are by far the primary support for Career Center's students.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2005 and 2004.



**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

Business-Type Activities

The rotary, food services and uniform school supplies programs provides the business-type activities. These programs had revenues of \$287,814 and expenses of \$389,291 for fiscal year 2005. The Career Center's business activities receive no support from tax revenues.

The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$2,964,389, which is higher than last year's total of \$2,812,691. The June 30, 2004 fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	<u>Fund Balance June 30, 2005</u>	<u>Restated Fund Balance June 30, 2004</u>	<u>Increase/ Decrease</u>
General	\$568,047	\$733,586	(\$165,539)
Adult Education	157,342	137,922	19,420
Permanent Improvement	700,720	553,337	147,383
Capital Projects	1,512,760	1,362,760	150,000
Other Governmental	25,520	25,086	434
Total	<u>\$2,964,389</u>	<u>\$2,812,691</u>	<u>\$151,698</u>

General Fund

The Career Center's general fund balance decreased \$165,539. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

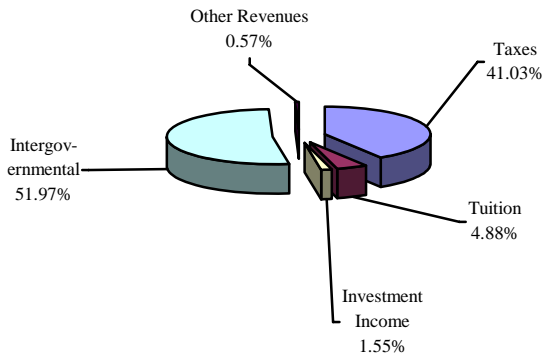
	<u>2005 Amount</u>	<u>2004 Amount</u>	<u>Percentage Change</u>
Revenues			
Taxes	\$2,308,315	\$1,862,754	23.92 %
Tuition	274,525	302,027	(9.11) %
Interest earnings	86,931	83,942	3.56 %
Intergovernmental	2,923,283	3,053,430	(4.26) %
Other revenues	32,273	8,040	301.41 %
Total	<u>\$5,625,327</u>	<u>\$5,310,193</u>	5.93 %

Taxes revenue increased 23.92% from the prior year mostly due to the increase in taxes available as an advance. Other revenue increased 301.41%, a large percentage, but an immaterial dollar amount.

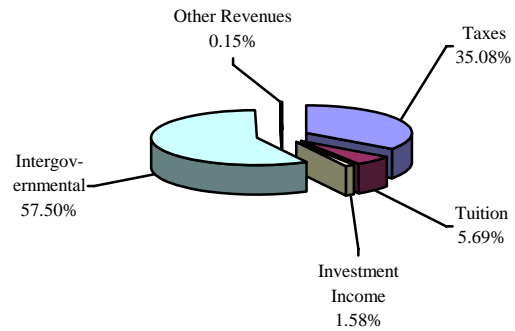
**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

Revenues - Fiscal Year 2005



Revenues - Fiscal Year 2004

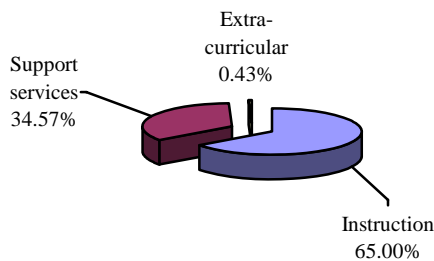


The table that follows assists in illustrating the expenditures of the general fund.

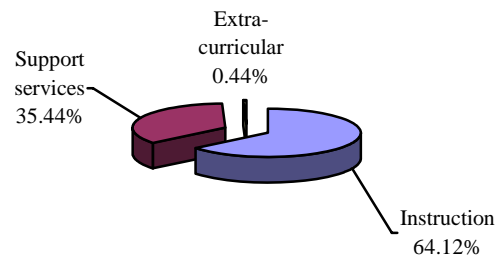
Expenditures	2005 Amount	2004 Amount	Percentage Change
Instruction	\$3,605,722	\$3,241,769	11.23 %
Support services	1,918,076	1,792,143	7.03 %
Extracurricular activities	23,819	22,126	7.65 %
Total	\$5,547,617	\$5,056,038	9.72 %

The most significant increase was in the area of instruction, which is attributed to an increase in salaries and benefits. All other expenditures were comparable to the prior year.

Expenditures - Fiscal Year 2005



Expenditures - Fiscal Year 2004



Adult Education Fund

The adult education fund had \$765,186 in revenues and other financing sources and \$745,766 in expenditures. The adult education fund's fund balance increased from \$137,922 to \$157,342.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

Permanent Improvement Fund

The permanent improvement fund had \$688,254 in revenues and other financing sources and \$540,871 in expenditures. The permanent improvement fund's fund balance increased from \$553,337 to \$700,720.

Capital Projects Fund

The capital projects fund had \$150,000 in other financing sources and no expenditures. The capital projects fund balance increased from \$1,362,760 to \$1,512,760.

General Fund Budgeting Highlights

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

During the course of fiscal 2005, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$5,613,278, above original budget estimates of \$5,281,079. Actual revenues and other financing sources were \$5,588,440 this was \$24,838 below final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$6,111,427 were decreased to \$6,049,559 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$5,947,843 which was \$101,716 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2005, the Career Center had \$3,551,725 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. \$3,496,293 was reported in governmental activities and \$55,432 in business-type activities. The following table shows fiscal 2005 balances compared to 2004:

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

	Governmental Activities		Business-Type Activities		Total Governmental	
	2005	2004	2005	2004	2005	2004
Land	\$40,000	\$40,000			\$40,000	\$40,000
Land improvements	53,518	38,476			53,518	38,476
Building and improvements	2,562,204	2,677,888			2,562,204	2,677,888
Furniture and equipment	781,999	803,929	55,432	63,227	837,431	867,156
Vehicles	58,572	63,874			58,572	63,874
Total	\$ 3,496,293	\$3,624,167	\$55,432	\$63,227	\$3,551,725	\$ 3,687,394

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

Debt Administration

At June 30, 2005 the Career Center had \$128,950 in capital lease obligations outstanding. Of this total, \$34,178 is due within one year and \$94,772 is due within greater than one year. The following table summarizes the lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2005	Governmental Activities 2004
Capital lease obligations	\$128,950	\$125,214
Total	\$128,950	\$125,214

At June 30, 2005 the Career Center's overall legal debt margin was \$84,097,000 with an unvoted debt margin of \$934,411.

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

Current Financial Related Activity

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

Our Board of Education and administration closely monitor the financial outlook of the Career Center by forecasting. By utilizing this tool, the Career Center has been able to avoid financial difficulty by reducing staff and passing a levy. The Career Center has reduced staff by attrition through the implementation of an Early Retirement Incentive Plan. During November, 2004, the Career Center was successful in passing a replacement of a 2.3 mill continuing operating levy that will bring in an estimated \$600,000.00 in new operating monies to the Career Center.

The Career Center has experienced an enrollment decrease over the past two years. This has impacted our state funding significantly. The Board of Education and administration are actively looking at marketing strategies. We have also added one new section to each of our Health Careers program and Cosmetology program. Initial estimates are showing that this will increase our enrollment for FY06 by 22 students. We are confident that the enrollment has reached its bottom and will start increasing.

During March 1977, the Ohio Supreme Court found that the educational funding in the state was unconstitutional. The funding system at that time was found to be inadequate and not equitable between the districts of Ohio. The Governor and the legislature were directed to address the fundamental issues creating the inequities. Since then, there have been modifications to the funding system and more court hearings, but no resolution at this time. The Career Center is unable to determine what effect this will have on the district's state funding and financial operations.

The Career Center has been working with the Ohio School Facilities Commission. Architects have been to the school and we have received our initial assessment. At this time, we have been approved to be a part of the Local Expedited Partnership Program. This will enable us to do part of the OSFC assessment plan by using our local share which is 25% of the total project.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

Contacting the Career Center's Financial Management

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2005**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$3,267,887	\$167,637	\$3,435,524
Receivables:			
Taxes	3,434,725		3,434,725
Intergovernmental	16,244	2,648	18,892
Accrued interest	2,714		2,714
Internal balance	35,898	(35,898)	
Prepayments	43,209		43,209
Materials and supplies inventory		100,357	100,357
Capital assets:			
Land	40,000		40,000
Depreciable capital assets, net	3,456,293	55,432	3,511,725
Capital assets, net	<u>3,496,293</u>	<u>55,432</u>	<u>3,551,725</u>
 Total assets	 <u>10,296,970</u>	 <u>290,176</u>	 <u>10,587,146</u>
Liabilities:			
Accounts payable	1,266	50	1,316
Accrued wages and benefits	589,985	8,522	598,507
Pension obligation payable	90,378	5,537	95,915
Intergovernmental payable	7,090	144	7,234
Special termination benefits payable	33,793		33,793
Deferred revenue	2,621,788		2,621,788
Long-term liabilities:			
Due within one year	113,527		113,527
Due within more than one year	458,547		458,547
 Total liabilities	 <u>3,916,374</u>	 <u>14,253</u>	 <u>3,930,627</u>
Net Assets:			
Invested in capital assets, net of related debt	3,367,344	55,432	3,422,776
Restricted for:			
Capital projects	2,213,480		2,213,480
State funded programs	6,308		6,308
Federally funded programs	19,609		19,609
Unrestricted	773,855	220,491	994,346
 Total net assets	 <u>\$6,380,596</u>	 <u>\$275,923</u>	 <u>\$6,656,519</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Program Revenues	
Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:		
Instruction:		
Regular	\$807,073	\$274,525
Vocational	3,343,633	355,673
Adult education	732,580	288,543
Support services:		
Pupil	446,455	209,664
Instructional staff	239,415	5,493
Board of education	63,400	250
Administration	501,379	51,152
Fiscal	248,575	
Operations and maintenance	628,703	667
Pupil transportation	9,930	
Central	105,670	
Operation of non-instructional services:		
Other non-instructional services	9,600	
Extracurricular activities	24,777	5,393
Interest and fiscal charges	7,359	
Total governmental activities	7,168,549	727,048
Business-type activities:		
Rotary	175,863	73,656
Food service	167,713	115,387
Uniform school supplies	45,715	58,110
Total business-type activities	389,291	247,153
Totals	<u>\$7,557,840</u>	<u>\$974,201</u>

General Revenues:

Property taxes levied for:
 General purposes
 Capital projects
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous
Total general revenues

Change in net assets

Net assets at beginning of year

Net assets at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
(\$532,548)		(\$532,548)
(2,987,960)		(2,987,960)
(54,469)		(54,469)
(236,791)		(236,791)
(119,649)		(119,649)
(63,150)		(63,150)
(423,490)		(423,490)
(248,575)		(248,575)
(628,036)		(628,036)
(9,930)		(9,930)
(105,670)		(105,670)
(9,600)		(9,600)
(19,384)		(19,384)
(7,359)		(7,359)
<u>(5,446,611)</u>		<u>(5,446,611)</u>
	(102,207)	(102,207)
	(12,070)	(12,070)
	12,395	12,395
	<u>(101,882)</u>	<u>(101,882)</u>
<u>(5,446,611)</u>	<u>(101,882)</u>	<u>(5,548,493)</u>
2,679,029		2,679,029
565,489		565,489
2,798,723		2,798,723
123,431	405	123,836
31,356		31,356
<u>6,198,028</u>	<u>405</u>	<u>6,198,433</u>
751,417	(101,477)	649,940
<u>5,629,179</u>	<u>377,400</u>	<u>6,006,579</u>
<u>\$6,380,596</u>	<u>\$275,923</u>	<u>\$6,656,519</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005**

	General	Adult Education	Permanent Improvement	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and cash equivalents	\$838,049	\$206,421	\$650,165	\$1,512,760	\$60,492	\$3,267,887
Receivables:						
Taxes	2,874,178		560,547			3,434,725
Intergovernmental					16,244	16,244
Accrued interest	2,714					2,714
Internal loans	52,051					52,051
Prepayments	43,209					43,209
Total assets	3,810,201	206,421	1,210,712	1,512,760	76,736	6,816,830
Liabilities:						
Accounts payable	455		623		188	1,266
Accrued wages and benefits	520,068	39,804			30,113	589,985
Compensated absences payable	29,331					29,331
Pension obligation payable	77,271	8,891			4,216	90,378
Intergovernmental payable	6,160	384			546	7,090
Internal loans payable					16,153	16,153
Deferred revenue	2,608,869		509,369			3,118,238
Total liabilities	3,242,154	49,079	509,992		51,216	3,852,441
Fund Balances:						
Reserved for encumbrances	58,276	10,450	31,277		10,091	110,094
Reserved for prepayments	43,209					43,209
Reserved for property tax unavailable for appropriation	265,309		51,178			316,487
Unreserved, undesignated, reported in:						
General fund	201,253					201,253
Special revenue funds		146,892			15,429	162,321
Capital projects funds			618,265	1,512,760		2,131,025
Total fund balances	568,047	157,342	700,720	1,512,760	25,520	2,964,389
Total liabilities and fund balances	\$3,810,201	\$206,421	\$1,210,712	\$1,512,760	\$76,736	\$6,816,830

See accompanying notes to the basis financial statements.

**VAN WERT CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2005**

Total governmental fund balances		\$2,964,389
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,496,293
Total		496,450
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(413,793)	
Special termination benefits payable	(33,793)	
Capital lease obligation	(128,950)	
Total		<u>(576,536)</u>
Net assets of governmental activities		<u><u>\$6,380,596</u></u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
From local sources:						
Taxes	\$2,308,315		\$493,999			\$2,802,314
Tuition	274,525	437,200				711,725
Earnings on investments	86,931				36,500	123,431
Extracurricular					5,193	5,193
Other local revenues	32,273	9,013			32,811	74,097
Intergovernmental revenue	<u>2,923,283</u>	<u>228,702</u>	<u>54,624</u>		<u>569,444</u>	<u>3,776,053</u>
Total revenue	<u>5,625,327</u>	<u>674,915</u>	<u>548,623</u>		<u>643,948</u>	<u>7,492,813</u>
Expenditures:						
Current:						
Instruction:						
Regular	794,969		15,262			810,231
Vocational	2,810,753		160,929		232,283	3,203,965
Adult education		642,783			103,637	746,420
Support services:						
Pupil	220,957		1,470		222,701	445,128
Instructional staff	390,416	9,169	21,650		81,328	502,563
Board of education	63,400					63,400
Administration	392,750	85,379			4,206	482,335
Fiscal	232,815					232,815
Operations and maintenance	518,896		42,826			561,722
Pupil transportation	1,731		9,888			11,619
Central	97,111				8,559	105,670
Other non-instructional services					158	158
Extracurricular activities	23,819				818	24,637
Capital outlay		7,198	139,631			146,829
Debt service:						
Principal retirement		876	142,217			143,093
Interest and fiscal charges		361	6,998			7,359
Total expenditures	<u>5,547,617</u>	<u>745,766</u>	<u>540,871</u>		<u>653,690</u>	<u>7,487,944</u>
Revenues over (under) Expenditures	<u>77,710</u>	<u>(70,851)</u>	<u>7,752</u>		<u>(9,742)</u>	<u>4,869</u>
Other financing sources (uses):						
Transfers in		83,073		150,000	10,176	243,249
Transfers (out)	(243,249)					(243,249)
Capital lease transactions		7,198	139,631			146,829
Total other financing sources (uses)	<u>(243,249)</u>	<u>90,271</u>	<u>139,631</u>	<u>150,000</u>	<u>10,176</u>	<u>146,829</u>
Net change in fund balances	(165,539)	19,420	147,383	150,000	434	151,698
Fund balances at beginning of year (restated)	<u>733,586</u>	<u>137,922</u>	<u>553,337</u>	<u>1,362,760</u>	<u>25,086</u>	<u>2,812,691</u>
Fund balances at end of year	<u>\$568,047</u>	<u>\$157,342</u>	<u>\$700,720</u>	<u>\$1,512,760</u>	<u>\$25,520</u>	<u>\$2,964,389</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Net change in fund balances - total governmental funds \$151,698

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

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

Capital asset additions	210,826	
Current year depreciation	<u>(324,616)</u>	
Total		(113,790)

Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(14,084)
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Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	442,204	
Intergovernmental revenue	<u>(15,051)</u>	
Total		427,153

Capital lease transactions are recorded as revenue in the funds, however in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.		(146,829)
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Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term long-term liabilities on the statement of net assets.		143,093
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Some expenses reported on the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		<u>304,176</u>
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Change in net assets of governmental activities \$751,417

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
From local sources:				
Taxes	\$2,053,297	\$2,178,500	\$2,164,314	(\$14,186)
Tuition	260,260	276,130	274,850	(1,280)
Earnings on investments	87,118	92,430	86,405	(6,025)
Other local revenues	21,874	23,208	23,201	(7)
Intergovernmental - Intermediate	14,131	14,993	14,993	
Intergovernmental - State	2,744,292	2,911,630	2,908,290	(3,340)
Total revenue	<u>5,180,972</u>	<u>5,496,891</u>	<u>5,472,053</u>	<u>(24,838)</u>
Expenditures:				
Current:				
Instruction:				
Regular	777,297	768,134	755,875	12,259
Vocational	2,968,065	2,933,076	2,913,604	19,472
Support services:				
Pupil	228,627	225,932	225,932	
Instructional staff	405,406	400,627	400,627	
Board of education	68,366	67,560	67,560	
Administration	407,933	403,124	403,124	
Fiscal	243,060	240,195	231,724	8,471
Operations and maintenance	601,389	594,299	535,457	58,842
Pupil transportation	2,227	2,201	2,201	
Central	95,204	94,082	94,082	
Extracurricular activities	25,760	25,456	25,456	
Total expenditures	<u>5,823,334</u>	<u>5,754,686</u>	<u>5,655,642</u>	<u>99,044</u>
Excess of revenues over (under) expenditures	<u>(642,362)</u>	<u>(257,795)</u>	<u>(183,589)</u>	<u>74,206</u>
Other financing sources (uses):				
Refund of prior year expenditure	8,574	9,097	9,097	
Transfers (out)	(235,853)	(243,249)	(243,249)	
Advances in	82,494	97,700	97,700	
Advances (out)	(52,240)	(51,624)	(48,952)	2,672
Sale of capital assets	9,039	9,590	9,590	
Total other financing sources (uses)	<u>(187,986)</u>	<u>(178,486)</u>	<u>(175,814)</u>	<u>2,672</u>
Net change in fund balance	(830,348)	(436,281)	(359,403)	76,878
Fund balance at beginning of year	1,115,610	1,115,610	1,115,610	
Prior year encumbrances appropriated	23,111	23,111	23,111	
Fund balance at end of year	<u>\$308,373</u>	<u>\$702,440</u>	<u>\$779,318</u>	<u>\$76,878</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
From local sources:				
Tuition	\$420,069	\$434,050	\$443,737	\$9,687
Other local revenues	30,872	31,900	10,894	(21,006)
Intergovernmental - State	221,382	228,750	228,702	(48)
Total revenue	<u>672,323</u>	<u>694,700</u>	<u>683,333</u>	<u>(11,367)</u>
Expenditures:				
Current:				
Instruction:				
Adult education	612,169	700,696	643,719	56,977
Support services:				
Instructional staff	8,419	9,637	9,637	
Administration	75,064	85,919	85,919	
Total expenditures	<u>695,652</u>	<u>796,252</u>	<u>739,275</u>	<u>56,977</u>
Excess of revenues over (under)	<u>(23,329)</u>	<u>(101,552)</u>	<u>(55,942)</u>	<u>45,610</u>
Other financing sources:				
Transfers in	80,397	83,073	83,073	
Total other financing sources	<u>80,397</u>	<u>83,073</u>	<u>83,073</u>	
Net change in fund balance	57,068	(18,479)	27,131	45,610
Fund balance at beginning of year	161,522	161,522	161,522	
Prior year encumbrances appropriated	7,318	7,318	7,318	
Fund balance at end of year	<u>\$225,908</u>	<u>\$150,361</u>	<u>\$195,971</u>	<u>\$45,610</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005**

	Business-Type Activities
	Nonmajor Enterprise Funds
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$167,637
Receivables:	
Intergovernmental	2,648
Materials and supplies inventory	100,357
Total current assets	270,642
Noncurrent assets:	
Capital assets, net	55,432
Total assets	326,074
Liabilities:	
Current:	
Accounts payable	50
Accrued wages and benefits	8,522
Interfund loans payable	35,898
Pension obligation payable	5,537
Intergovernmental payable	144
Total liabilities	50,151
Net assets:	
Invested in capital assets	55,432
Unrestricted	220,491
Total net assets	\$275,923

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Business-Type Activities
	Non-major Enterprise Funds
Operating revenues:	
Tuition and fees	\$58,110
Sales/charges for services	115,387
Other	73,656
	247,153
Operating expenses:	
Personal services	82,314
Purchased services	8,869
Materials and supplies	296,691
Other	1,417
	389,291
Total operating revenues	247,153
Total operating expenses	389,291
Operating loss	(142,138)
Nonoperating revenues:	
Federal donated commodities	12,069
Interest revenue	405
Grants and subsidies	28,187
	40,661
Total non-operating revenues	40,661
Change in net assets	(101,477)
Net assets at beginning of year	377,400
Net assets at end of year	\$275,923

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Business-Type Activities
	Non-major Enterprise Funds
Cash flows from operating activities:	
Cash received from tuition and fees	\$58,110
Cash received from sales/charges for services	115,387
Cash received from other operations	73,656
Cash payments for personal services	(81,388)
Cash payments for purchased services	(8,869)
Cash payments for materials and supplies	(274,281)
Cash payments for other expenses	(1,417)
	(118,802)
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies	28,042
Cash flows from investing activities:	
Interest received	405
	(90,355)
Cash and cash equivalents at beginning of year	257,992
Cash and cash equivalents at end of year	167,637
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(142,138)
Adjustments:	
Depreciation	7,795
Federal donated commodities	12,069
Changes in assets and liabilities:	
Decrease in materials and supplies inventory	2,496
Increase in accounts payable	50
Increase in accrued wages and benefits	463
Increase in pension obligation payable	406
Increase in intergovernmental payable	57
	(118,802)
Net cash used in operating activities	(\$118,802)

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2005

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$27,469
Receivables:	
Accounts	<u>1,200</u>
Total assets	<u><u>28,669</u></u>
Liabilities:	
Due to students	<u>28,669</u>
Total liabilities	<u><u>\$28,669</u></u>

See accompanying notes to the basic financial statements.

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**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

1. DESCRIPTION OF THE SCHOOL

The Vantage Career Center (the "Career Center") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The Career Center is operated under a Board of Education consisting of one member each from the two local school districts' boards of education; two members from each city and exempted village school district's boards of education and one rotating member from the school districts mentioned above. The Board currently consists of 11 members.

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades, and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and non-programmed services. It is staffed by 34 non-certificated employees and 54 certificated full-time teaching personnel, who provide services to 423 students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organizations' government board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Jointly Governed Organizations

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

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

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

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

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

2. Proprietary Fund

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

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

3. Fiduciary Funds

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

2. Fund Financial Statements

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

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Basis of Accounting

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

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

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

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

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

- 2. Deferred Revenue** - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 3. Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

E. Budgets

The Career Center is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2005 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Van Wert County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final Amended Certificate issued for fiscal year 2005.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the object level within the fund level, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund and object must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund and object appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2005. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control.

F. Cash and Investments

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

During fiscal year 2005, investments were limited to certificates of deposit, which are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$86,931, which includes \$62,092 assigned from other funds.

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

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

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2005, the Career Center maintained a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	10 - 20 years
Vehicles	8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2005, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years' service at any age were considered.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2005, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employees retirement/resignation has been incurred by fiscal year-end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

L. Fund Balance Reserves

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

M. Net Assets

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

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

N. Prepayments

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. See Note 17 for details.

Q. Interfund Activity

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

R. Extraordinary and Special Items

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the Career Center, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the Career Center as they were previously reported as of June 30, 2004:

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Capital Projects</u>	<u>Non-major</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$743,760	\$139,027	\$553,337	\$1,362,760	\$25,086	\$2,823,970
GASB Technical Bulletin No. 2004-2	(10,174)	(1,105)	-	-	-	(11,279)
Restated Fund Balance, June 30, 2004	<u>\$733,586</u>	<u>\$137,922</u>	<u>\$553,337</u>	<u>\$1,362,760</u>	<u>\$25,086</u>	<u>\$2,812,691</u>

B. Deficit Fund Balances

Fund balances at June 30, 2005 included the following individual fund deficits:

Non-major Funds	<u>Deficit</u>
EMIS	\$8
Vocational Education	23,923
Title VI	1

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

4. DEPOSITS AND INVESTMENTS (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 (State Treasury Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

A. Cash on Hand

At year-end, the Career Center had \$1,216 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "Equity in Pooled Cash and Cash Equivalents."

B. Deposits with Financial Institutions

At June 30, 2005, the carrying amount of all Career Center deposits was \$3,461,777. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$3,162,440 of the Career Center's bank balance of \$3,562,440 was exposed to custodial risk as discussed below, while \$400,000 was covered by Federal Deposit Insurance Corporation.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Cash and Investments per footnote	
Carrying amount of deposits	\$3,461,777
Cash on hand	1,216
Total	\$3,462,993

Cash and investments per Statement of Net Assets	
Governmental activities	\$3,267,887
Business type activities	167,637
Agency funds	27,469
Total	\$3,462,993

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2005 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental funds	\$16,153
General	Rotary fund	25,898
General	Uniform school supplies fund	10,000

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, only internal balances between governmental funds and business-type activities funds at June 30, 2005 are reported on the Statement of Net Assets.

B. Interfund transfers for the year ended June 30, 2005, consisted of the following, as reported on the fund financial statements:

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

5. INTERFUND TRANSACTIONS (Continued)

Transfers from General fund to:

Capital projects fund	\$150,000
Adult education fund	83,073
Nonmajor governmental fund	10,176

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, only transfers between governmental funds and business-type activities funds at June 30, 2005 are reported on the Statement of Activities.

6 PROPERTY TAXES

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

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

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2005 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2005, on the value as of December 31, 2004.

Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Career Center prior to June 30.

The Career Center receives property taxes from Van Wert, Putnam, Paulding, Mercer and Auglaize Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date tax bills are sent.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

6 PROPERTY TAXES (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2005 was \$265,309 in the general fund and \$51,178 in the permanent improvement fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2004 was \$121,308 in the general fund and \$32,037 in the permanent improvement fund.

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

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

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$770,484,110	84.13	\$790,719,190	84.62
Public utility personal	54,324,140	5.94	57,772,260	6.18
Tangible personal property	<u>91,063,443</u>	<u>9.93</u>	<u>85,919,665</u>	<u>9.20</u>
Total	<u>\$915,871,693</u>	<u>100.00</u>	<u>\$934,411,115</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$3.80		\$3.80	

7. RECEIVABLES

Receivables at June 30, 2005 consisted of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities	
Taxes	\$3,434,725
Intergovernmental	16,244
Accrued interest	2,714
Business-Type Activities	
Intergovernmental	<u>2,648</u>
Total receivables	<u>\$3,456,331</u>

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

8. CAPITAL ASSETS

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

	<u>Balance 06/30/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/05</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$40,000			\$40,000
Total capital assets, not being depreciated	40,000			40,000
Capital assets, being depreciated:				
Land improvements	168,422	\$23,143		191,565
Buildings and improvements	6,069,200	6,034		6,075,234
Furniture and equipment	2,907,474	173,766	(129,306)	2,951,934
Vehicles	219,348	7,883		227,231
Total capital assets, being depreciated	9,364,444	210,826	(129,306)	9,445,964
<i>Less: accumulated depreciation:</i>				
Land improvements	(129,946)	(8,101)		(138,047)
Building and improvements	(3,391,312)	(121,718)		(3,513,030)
Furniture and equipment	(2,103,545)	(181,612)	115,222	(2,169,935)
Vehicles	(155,474)	(13,185)		(168,659)
Total accumulated depreciation	(5,780,277)	(324,616)	115,222	(5,989,671)
Governmental activities capital assets, net	<u>3,624,167</u>	<u>(113,790)</u>	<u>(14,084)</u>	<u>3,496,293</u>
Business-Type Activities				
Capital assets, being depreciated:				
Furniture and equipment	248,200			248,200
<i>Less: accumulated depreciation</i>	<u>(184,973)</u>	<u>(7,795)</u>		<u>(192,768)</u>
Total	<u>\$63,227</u>	<u>(\$7,795)</u>	<u>\$0</u>	<u>\$55,432</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$10,548
Vocational	252,437
Adult education	1,383
Support Services:	
Pupil	60
Instructional staff	8,059
Administration	10,337
Fiscal	1,021
Operations and maintenance	18,365
Pupil transportation	12,824
Operation of non-instructional services	9,442
Extracurricular activities	140
Total depreciation expense	<u>\$324,616</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

9. CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal 2005, the Career Center entered into capitalized leases for copier equipment. These lease agreements meet the criteria of capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of copier equipment have been capitalized in the amount of \$95,784. This amount represents the fair market value of the copiers at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2005 totaled \$142,217 paid by the Permanent Improvement fund and \$876 paid by the Adult Education fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005:

Fiscal Year Ending June 30,	Amount
2006	\$43,260
2007	43,258
2008	43,261
2009	18,025
Total minimum lease payments	147,804
Less amount representing interest	(18,854)
Total	\$128,950

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2005, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding 06/30/04	Additions	Reductions	Balance Outstanding 06/30/05	Amounts Due in One Year
Governmental Activities:					
Capital lease obligations	\$125,214	\$146,829	(\$143,093)	\$128,950	\$34,178
Compensated absences	462,964	67,723	(87,563)	443,124	79,349
Total long-term obligations, governmental activities	\$588,178	\$214,552	(\$230,656)	\$572,074	\$113,527

The capital lease obligation is being paid from the Permanent Improvement and Adult Education funds (See Note 9). Compensated absences are paid from the fund from which the employee is paid.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

10. LONG-TERM OBLIGATIONS (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center.

The effects of these debt limitations at June 30, 2005 are a voted debt margin of \$84,097,000 and an unvoted debt margin of \$934,411.

11. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. An additional 27 days over the 200 days can be accumulated and paid at retirement but not used for sick leave. Upon retirement, payment is made for 25% of accrued sick leave up to 30 days and up to an additional 27 days for a maximum of 57 days.

B. Early Retirement Incentive

The Career Center provides an early retirement incentive plan ("plan") for State Teacher's Retirement System of Ohio (STRS) employees who elect to retire during the plans effective period within 90 days after receiving notice from STRS that service credit has been purchased for the employee under the plan. This is a one time opportunity for those eligible to retire between the dates of March 1, 2005 and March 15, 2006. Employees who enroll in the early retirement incentive plan must submit written notification on the appropriate STRS form to the Superintendent no later than March 15, 2005. A retirement notice must be given the Superintendent by April 1, 2005 for those intending to retire at the end of fiscal year 2005 or by April 1, 2006 for those intending to retire at the end of fiscal year 2006. The Career Center had two employees that elected to participate in the early retirement incentive plan during fiscal year 2005. The Career Center's liability at June 30, 2005 was \$33,793, which will be paid during fiscal year 2006. The entire amount will be recorded on the government-wide financial statements as "special termination benefits payable."

12. RISK MANAGEMENT

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2004.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

12. RISK MANAGEMENT (Continued)

A. Group Purchasing Pools

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

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

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

13. DEFINED BENEFIT PENSION PLAN

A. School Employees Retirement System

The Career Center contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14% of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$95,090, \$74,674 and \$65,513, respectively; 100% has been contributed for fiscal years 2005, 2004 and 2003.

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

13. DEFINED BENEFIT PENSION PLAN (Continued)

B. State Teachers Retirement System

The Career Center contributes 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, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone 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 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14% of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The Career Center's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$409,414, \$432,153, and \$423,002, respectively; 100% has been contributed for fiscal years 2005, 2004 and 2003. Contributions to the DC and Combined Plans for fiscal 2005 were \$7,110 made by the Career Center and \$6,880 made by plan members.

C. Social Security System

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

14. POSTEMPLOYMENT BENEFITS

The Career Center provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the Career Center, this amount equaled \$31,493 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.1 billion at June 30, 2004 (the latest information available). For the fiscal year ended June 30, 2004 (the latest information available), net health care costs paid by STRS were \$268.739 million and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

For fiscal year 2005, employer contributions to fund health care benefits were 3.43% of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Gross expenses for health care at June 30, 2004 (the latest information available) were \$223.444 million and the target level was \$335.2 million. At June 30, 2004, (the latest information available) SERS had net assets available for payment of health care benefits of \$300.8 million and SERS had approximately 62,000 participants receiving health care benefits. For the Career Center, the amount to fund health care benefits, including surcharge, equaled \$42,932 during the 2005 fiscal year.

15. BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

15. BUDGETARY BASIS OF ACCOUNTING (Continued)

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

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

Net Change in Fund Balance

	General Fund	Adult Education
Budget basis	(\$359,403)	\$27,131
Net adjustment for revenue accruals	153,274	(8,418)
Net adjustment for expenditure accruals	49,294	(16,941)
Net adjustment for other sources/uses	(67,435)	7,198
Adjustment for encumbrances	58,731	10,450
GAAP basis	(\$165,539)	\$19,420

16. CONTINGENCIES

A. Grants

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

B. Litigation

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY, OHIO**

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

16. CONTINGENCIES (Continued)

C. State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the state's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The Career Center is currently unable to determine what effect, if any, this decision will have on its future state funding and its financial operations.

17. STATUTORY RESERVES

The Career Center is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2005, the reserve activity was as follows:

	Textbooks	Capital Acquisition
Set-aside cash balance as of June 30, 2004	(\$576,271)	
Current year set-aside requirement	69,813	\$69,813
Qualifying disbursements	(233,418)	(347,021)
Total	(739,876)	(277,208)
Cash balance carried forward to FY 2006	(\$739,876)	\$0

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
School Breakfast Program	051672-05PU-2004	10.553	\$1,044		\$1,044	
School Breakfast Program	051672-05PU-2005	10.553	3,610		3,610	
Total			4,654		4,654	
National School Lunch Program	015672-LLP4-2004	10.555	5,296		5,296	
National School Lunch Program	015672-LLP4-2005	10.555	16,899		16,899	
Total			22,195		22,195	
Food Distribution	N/A	10.550		12,069		12,069
Total U.S. Department of Agriculture - Nutrition Cluster			26,849	12,069	26,849	12,069
U.S. DEPARTMENT OF EDUCATION						
Direct						
Student Financial Aid Cluster:						
Pell Grant	N/A	84.063	108,474		108,474	
Pell Grant	N/A	84.063	4,429		4,429	
Total			112,903		112,903	
Federal Supplemental Education Opportunity Grant	N/A	84.007	5,000		5,000	
Total Student Financial Aid Cluster			117,903		117,903	
Rural Education Achievement Program	N/A	84.358	53,217		53,217	
(Passed through Ohio Department of Education)						
Adult Education - State Grant Program	051672-ABS1-2004	84.002	14,639		29,959	
Adult Education - State Grant Program	051672-ABS1-2005	84.002	44,242		43,358	
Total			58,881		73,317	
Title II - Improving Teacher Quality	051672-TRS1-2005	84.367	2,628		2,628	
Vocational Education - Basic Grants to States (A)	FY 05	84.048	37,529		37,529	
Vocational Education - Basic Grants to States	051672-20C1-2004	84.048	28,572			
Vocational Education - Basic Grants to States	015672-20C1-2005	84.048	182,763		182,763	
Total			248,864		220,292	
Drug Free School Grant	051672-DRS1-2004	84.186	(108)		556	
Drug Free School Grant	051672-DRS1-2005	84.186	1,200		985	
Total			1,092		1,541	
Innovative Educational Program Strategies	051672-C2S1-2005	84.298	2,003		2,003	
(Passed through Rhodes State College)						
Tech Prep Education	N/A	84.243	3,638		3,638	
Total U.S. Department of Education			488,226		474,539	
Total Federal Assistance			\$515,075	\$12,069	\$501,388	\$12,069

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

See Accompanying Notes to the Schedule of Federal Awards Expenditures

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 - NUTRITION CLUSTER

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

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

NOTE C - PROGRAM YEAR TRANSFERS

The negative receipt recorded on the schedule for CFDA #84.186 represents a transfer between the 2004 and 2005 program years within the same CFDA #. These transfers are recorded as a negative receipt in the transferring fund/special cost center and a positive receipt in the receiving fund/special cost center.

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**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, business type activities, and each major fund, and the aggregate remaining fund information of the Vantage Career Center (the Career Center) as of and for the fiscal year ended June 30, 2005, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 7, 2005, wherein we noted that the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposits and Investment Risk Disclosure and GASB Technical Bulletin 2004-2. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Career Center's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

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

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

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

Betty Montgomery
Auditor of State

December 7, 2005



Auditor of State Betty Montgomery

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

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

Compliance

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

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

In our opinion, the Vantage Career Center complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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**Internal Control Over Compliance
(Continued)**

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

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



Betty Montgomery
Auditor of State

December 7, 2005

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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 non-compliance 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):	CFDA # 84.048: Vocational Education CFDA # 84.063 & # 84.007: Student Financial Aid Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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**VANTAGE CAREER CENTER
VAN WERT COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2005**