



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

February 21, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Vantage Career Center, Van Wert County, (the Career Center), as of and for the year ended June 30, 2006, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our 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 Vantage Career Center, Van Wert County, as of June 30, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General and Adult Education funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2007, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Betty Montgomery
Auditor of State

January 5, 2007

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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, 2006. 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 2006 are as follows:

- In total, net assets increased \$920,194. Net assets of governmental activities increased \$769,374, which represents a 12% increase from 2005. Net assets of business-type activities increased \$150,820 or 54.66% from 2005.
- General revenues accounted for \$6,021,529 in revenue or 76.74% of all governmental revenue. Governmental program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,825,175 or 23.26% of total governmental revenue of \$7,846,704.
- The Career Center had \$7,077,330 in expenses related to governmental activities; only \$1,825,175 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,021,529 were adequate to provide for these programs.
- The Career Center had \$505,626 in expenses related to business-type activities; \$655,577 of these expenses was offset by program specific charge for services and grants and contributions. General revenues supporting business-type activities of \$869 were adequate to support these programs.
- The Career Center's major governmental funds are the general fund, adult education fund, permanent improvement fund and capital projects fund. The general fund had \$6,240,527 in revenues and \$5,792,849 in expenditures and other financing uses. The general fund's fund balance increased \$447,678 from \$568,047 to \$1,015,725.
- The adult education fund had \$762,761 in revenues and other financing sources and \$717,893 in expenditures. The adult education fund's fund balance increased \$44,868 from \$157,342 to \$202,210.
- The permanent improvement fund had \$508,925 in revenues and \$438,635 in expenditures. The permanent improvement fund's fund balance increased \$70,290 from \$700,720 to \$771,010.
- The capital projects fund had \$500,000 in other financing sources and no expenditures. The capital projects fund balance increased from \$1,512,760 to \$2,012,760.
- Business-type operations reflected operating income of \$102,318 and business-type unrestricted net assets are \$378,836.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

Using the Basic Financial Statements (BFS)

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

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

Reporting the Career Center as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" 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.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 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 29-53 of this report.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

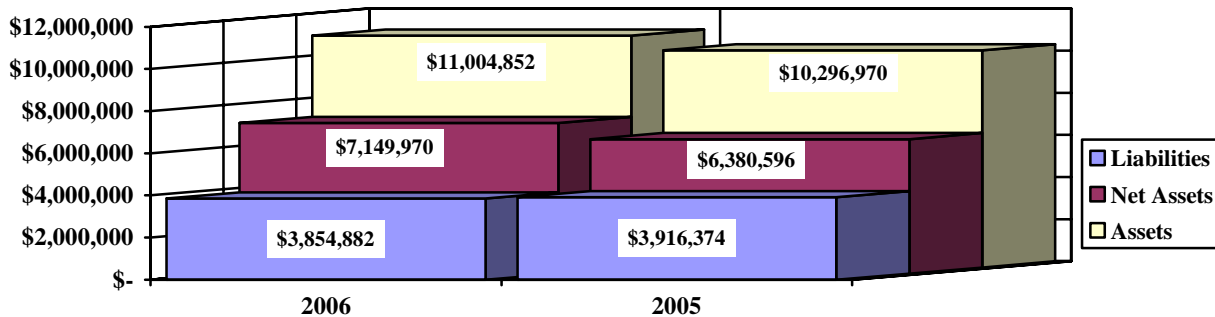
The Career Center as a Whole

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 2006 and 2005.

	Net Assets					
	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Assets						
Current assets	\$7,600,897	\$6,800,677	\$392,477	\$234,744	\$7,993,374	\$7,035,421
Capital assets	3,403,955	3,496,293	47,907	55,432	3,451,862	3,551,725
Total assets	11,004,852	10,296,970	440,384	290,176	11,445,236	10,587,146
Liabilities						
Current liabilities	3,284,100	3,344,300	13,544	14,253	3,297,644	3,358,553
Long-term liabilities	570,782	572,074	97		570,879	572,074
Total liabilities	3,854,882	3,916,374	13,641	14,253	3,868,523	3,930,627
Net Assets						
Invested in capital assets net of related debt	3,309,183	3,367,344	47,907	55,432	3,357,090	3,422,776
Restricted	2,848,830	2,239,397			2,848,830	2,239,397
Unrestricted	991,957	773,855	378,836	220,491	1,370,793	994,346
Total net assets	\$7,149,970	\$6,380,596	\$426,743	\$275,923	\$7,576,713	\$6,656,519

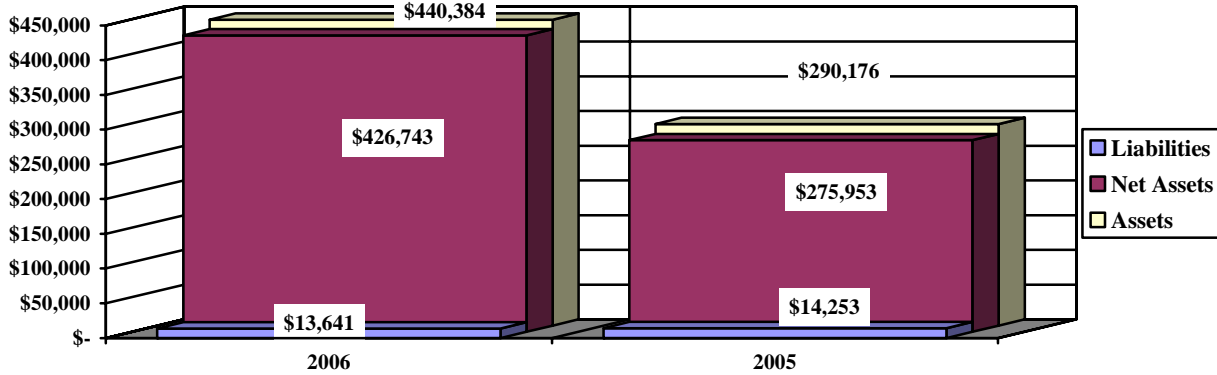
Governmental - Net Assets



**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

Business-Type - Net Assets



The table below shows the change in net assets for fiscal year 2006 and 2005.

Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues						
Program revenues:						
Charges for services and sales	\$755,829	\$727,048	\$607,944	\$247,153	\$1,363,773	\$974,201
Operating grants and contributions	1,069,346	994,890	47,633	40,256	1,116,979	1,035,146
General revenues:						
Property taxes	2,701,212	3,244,518			2,701,212	3,244,518
Grants and entitlements	3,073,812	2,798,723			3,073,812	2,798,723
Investment earnings	139,945	123,431	869	405	140,814	123,836
Other	106,560	31,356			106,560	31,356
Total revenues	7,846,704	7,919,966	656,446	287,814	8,503,150	8,207,780
Expenses						
Program expenses:						
Instruction:						
Regular	890,814	807,073			890,814	807,073
Vocational	3,067,537	3,343,633			3,067,537	3,343,633
Adult education	713,542	732,580			713,542	732,580

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Activities</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Expenses						
Support services:						
Pupil	437,524	446,455			437,524	446,455
Instructional staff	189,551	239,415			189,551	239,415
Board of Education	67,416	63,400			67,416	63,400
Administration	546,038	501,379			546,038	501,379
Fiscal	275,710	248,575			275,710	248,575
Operations and maintenance	699,677	628,703			699,677	628,703
Pupil transportation	24,825	9,930			24,825	9,930
Central	112,039	105,670			112,039	105,670
Operation of non-instructional services	11,436	9,600			11,436	9,600
Extracurricular activities	32,139	24,777			32,139	24,777
Interest and fiscal charges	9,082	7,359			9,082	7,359
Rotary			273,127	175,863	273,127	175,863
Food service operations			172,231	167,713	172,231	167,713
Uniform school supplies			60,268	45,715	60,268	45,715
Total expenses	<u>7,077,330</u>	<u>7,168,549</u>	<u>505,626</u>	<u>389,291</u>	<u>7,582,956</u>	<u>7,557,840</u>
Changes in net assets	769,374	751,417	150,820	(101,477)	920,194	649,940
Net assets at beginning 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>
Net assets at end of year	<u>\$7,149,970</u>	<u>\$6,380,596</u>	<u>\$426,743</u>	<u>\$275,923</u>	<u>\$7,576,713</u>	<u>\$6,656,519</u>

Net assets of the Career Center's business-type activities increased by \$150,820, while also reporting operating net income in fiscal year 2006.

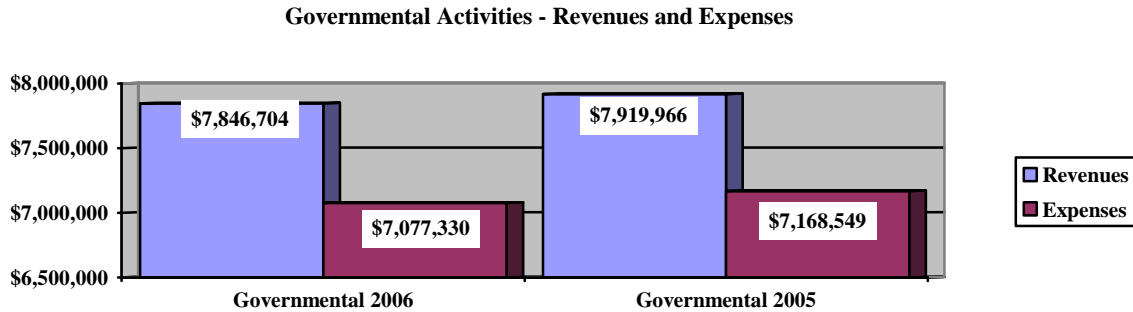
Net assets of the Career Center's governmental activities increased \$769,374. Total governmental expenses of \$7,077,330 were offset by program revenues of \$1,825,175 and general revenues of \$6,021,529. Program revenues supported 25.79% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 73.60% of total governmental revenue. Real estate property is reappraised every six years.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

The graph below presents the Career Center's governmental activities revenue and expenses for fiscal years 2006 and 2005.



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 2006 and 2005. It identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

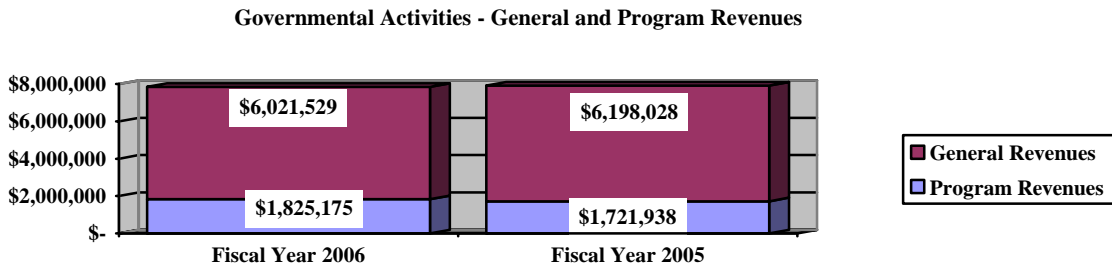
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
Program expenses:				
Instruction:				
Regular	\$890,814	\$765,532	\$807,073	\$532,548
Vocational	3,067,537	2,432,208	3,343,633	2,987,960
Adult education	713,542	88,853	732,580	54,469
Support services:				
Pupil	437,524	216,468	446,455	236,791
Instructional staff	189,551	89,698	239,415	119,649
Board of Education	67,416	67,416	63,400	63,150
Administration	546,038	435,934	501,379	423,490
Fiscal	275,710	275,710	248,575	248,575
Operations and maintenance	699,677	699,077	628,703	628,036
Pupil transportation	24,825	24,825	9,930	9,930
Central	112,039	103,777	105,670	105,670
Operation of non-instructional services	11,436	11,436	9,600	9,600
Extracurricular activities	32,139	32,139	24,777	19,384
Interest and fiscal charges	9,082	9,082	7,359	7,359
Total expenses	\$7,077,330	\$5,252,155	\$7,168,549	\$5,446,611

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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(Continued)**

The dependence upon tax revenues during fiscal year 2006 for governmental activities is apparent, as 70.35% of 2006 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 74.21% in 2006. 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 2006 and 2005.



Business-Type Activities

The rotary, food services and uniform school supplies programs provides the business-type activities. These programs had revenues of \$656,446 and expenses of \$505,626 for fiscal year 2006. The Career Center's business activities receive no support from tax revenues. Charges for services were the largest revenue source, accounting for 82.02% of the total business-type activities revenue.

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 \$4,017,005, which is higher than last year's total of \$2,964,389. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	<u>Fund Balance June 30, 2006</u>	<u>Fund Balance June 30, 2005</u>	<u>Increase/ Decrease</u>
General	\$1,015,725	\$568,047	\$447,678
Adult Education	202,210	157,342	44,868
Permanent Improvement	771,010	700,720	70,290
Capital Projects	2,012,760	1,512,760	500,000
Other Governmental	15,300	25,520	(10,220)
Total	<u>\$4,017,005</u>	<u>\$2,964,389</u>	<u>\$1,052,616</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

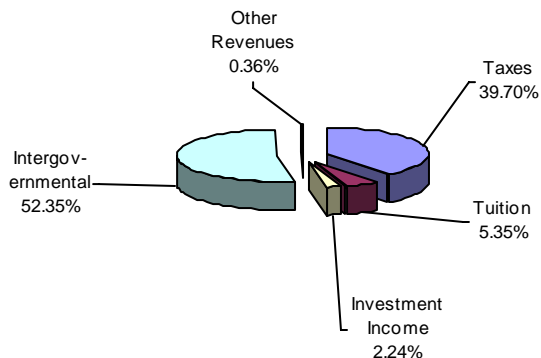
General Fund

The Career Center's general fund balance increased \$447,678. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

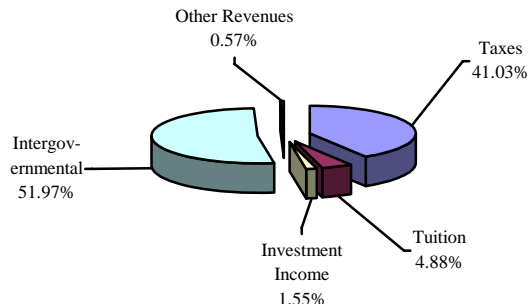
	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
Revenues			
Taxes	\$2,477,761	\$2,308,315	7.34 %
Tuition	334,084	274,525	21.70 %
Interest earnings	139,945	86,931	60.98 %
Intergovernmental	3,266,517	2,923,283	11.74 %
Other revenues	<u>22,220</u>	<u>32,273</u>	(31.15) %
Total	<u>\$6,240,527</u>	<u>\$5,625,327</u>	10.94 %

Taxes revenue increased 7.34% from the prior year mostly due to the increase in taxes available as an advance. Interest earnings increased 60.98% due the increase in interest rates from the prior year.

Revenues - Fiscal Year 2006



Revenues - Fiscal Year 2005



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

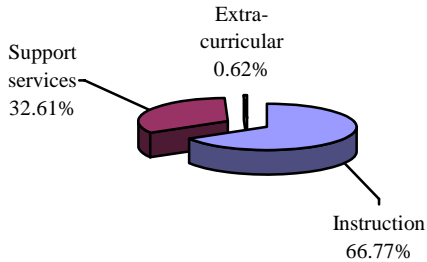
	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
Expenditures			
Instruction	\$3,478,050	\$3,605,722	(3.54) %
Support services	1,698,544	1,918,076	(11.45) %
Extracurricular activities	<u>32,086</u>	<u>23,819</u>	34.71 %
Total	<u>\$5,208,680</u>	<u>\$5,547,617</u>	(6.11) %

The most significant decrease was in the area of support services, which is attributed to proper fiscal management. All other expenditures were comparable to the prior year.

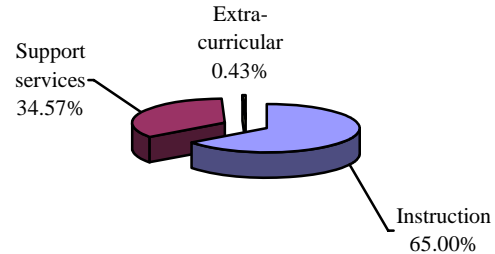
VANTAGE CAREER CENTER
VAN WERT COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)

Expenditures - Fiscal Year 2006



Expenditures - Fiscal Year 2005



Adult Education Fund

The adult education fund had \$762,761 in revenues and other financing sources and \$717,893 in expenditures. The adult education fund's fund balance increased \$44,868 from \$157,342 to \$202,210.

Permanent Improvement Fund

The permanent improvement fund had \$508,925 in revenues and \$438,635 in expenditures. The permanent improvement fund's fund balance increased \$70,290 from \$700,720 to \$771,010.

Capital Projects Fund

The capital projects fund had \$500,000 in other financing sources and no expenditures. The capital projects fund balance increased from \$1,512,760 to \$2,012,760.

Business-Type Activity Fund

The business-type activities reflect an operating income for fiscal year 2006. Charges for services have been established to ensure that on a cash basis, fees are adequate to cover operations. The statement of cash flows has a net increase in cash of \$165,298 due to two houses being sold during 2006.

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 2006, 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 \$6,371,424, above original budget estimates of \$5,889,060. Actual revenues and other financing sources were \$6,372,072 this was \$648 higher than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$5,439,968 were increased to \$5,972,768 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$5,898,413 which was \$74,355 less than the final budgeted appropriations.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the Career Center had \$3,451,862 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. \$3,403,955 was reported in governmental activities and \$47,907 in business-type activities. The following table shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities		Business-Type Activities		Total Governmental	
	2006	2005	2006	2005	2006	2005
Land	\$40,000	\$40,000			\$40,000	\$40,000
Land improvements	47,794	53,518			47,794	53,518
Building and improvements	2,442,426	2,562,204			2,442,426	2,562,204
Furniture and equipment	828,570	781,999	\$47,907	\$55,432	876,477	837,431
Vehicles	45,165	58,572			45,165	58,572
Total	\$3,403,955	\$3,496,293	\$47,907	\$55,432	\$3,451,862	\$3,551,725

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

Debt Administration

At June 30, 2006 the Career Center had \$94,772 in capital lease obligations outstanding. Of this total, \$37,015 is due within one year and \$57,757 is due within greater than one year. The following table summarizes the lease obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2006	Governmental Activities 2005
Capital lease obligations	\$94,772	\$128,950
Total	\$94,772	\$128,950

At June 30, 2006 the Career Center's overall legal debt margin was \$86,174,500 with an unvoted debt margin of \$957,494.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)**

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

The Career Center experienced an enrollment increase during FY06 whereas, FY05 and FY04 the Career Center witnessed enrollment decreases. The Board of Education and administration are actively looking at marketing strategies that will keep our enrollment increasing. FY06 the Career Center added another section of Cosmetology and Health Careers. FY07 the Career Center will be adding many higher level academics to its schedule hoping for a positive affect to the enrollment.

In 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 Vantage has received the initial Master Plan. The Master Plan is being reviewed at this time. The Career Center is number fifteen on the funding list. So, it appears Vantage could be on the ballot for a bond issue in November 2008 and building in 2009 with voter support.

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

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, 2006**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$4,388,769	\$332,935	\$4,721,704
Receivables:			
Taxes	3,113,674		3,113,674
Accounts	8,076	200	8,276
Intergovernmental	15,098	3,539	18,637
Accrued interest	1,366		1,366
Internal balance	35,898	(35,898)	
Prepayments	38,016		38,016
Materials and supplies inventory		91,701	91,701
Capital assets:			
Land	40,000		40,000
Depreciable capital assets, net	3,363,955	47,907	3,411,862
Capital assets, net	<u>3,403,955</u>	<u>47,907</u>	<u>3,451,862</u>
 Total assets	 <u>11,004,852</u>	 <u>440,384</u>	 <u>11,445,236</u>
Liabilities:			
Accounts payable	5,376	157	5,533
Accrued wages and benefits	567,525	12,239	579,764
Pension obligation payable	92,899	1,018	93,917
Intergovernmental payable	7,987	130	8,117
Deferred revenue	2,610,313		2,610,313
Long-term liabilities:			
Due within one year	107,647		107,647
Due within more than one year	463,135	97	463,232
 Total liabilities	 <u>3,854,882</u>	 <u>13,641</u>	 <u>3,868,523</u>
Net Assets:			
Invested in capital assets, net of related debt	3,309,183	47,907	3,357,090
Restricted for:			
Capital projects	2,826,303		2,826,303
State funded programs	2,068		2,068
Federally funded programs	20,459		20,459
Unrestricted	991,957	378,836	1,370,793
 Total net assets	 <u>\$7,149,970</u>	 <u>\$426,743</u>	 <u>\$7,576,713</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, 2006**

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Instruction:			
Regular	\$890,814	\$125,282	
Vocational	3,067,537	208,802	\$426,527
Adult education	713,542	359,906	264,783
Support services:			
Pupil	437,524		221,056
Instructional staff	189,551		99,853
Board of education	67,416		
Administration	546,038	55,977	54,127
Fiscal	275,710		
Operations and maintenance	699,677	600	
Pupil transportation	24,825		
Central	112,039	5,262	3,000
Other non-instructional services	11,436		
Extracurricular activities	32,139		
Interest and fiscal charges	9,082		
Total governmental activities	<u>7,077,330</u>	<u>755,829</u>	<u>1,069,346</u>
Business-type activities:			
Rotary	273,127	426,848	
Food service	172,231	131,323	47,633
Uniform school supplies	60,268	49,773	
Total business-type activities	<u>505,626</u>	<u>607,944</u>	<u>47,633</u>
	<u>\$7,582,956</u>	<u>\$1,363,773</u>	<u>\$1,116,979</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>
(\$765,532)		(\$765,532)
(2,432,208)		(2,432,208)
(88,853)		(88,853)
(216,468)		(216,468)
(89,698)		(89,698)
(67,416)		(67,416)
(435,934)		(435,934)
(275,710)		(275,710)
(699,077)		(699,077)
(24,825)		(24,825)
(103,777)		(103,777)
(11,436)		(11,436)
(32,139)		(32,139)
(9,082)		(9,082)
<u>(5,252,155)</u>		<u>(5,252,155)</u>
	\$153,721	153,721
	6,725	6,725
	(10,495)	(10,495)
	<u>149,951</u>	<u>149,951</u>
<u>(5,252,155)</u>	<u>149,951</u>	<u>(5,102,204)</u>
2,284,868		2,284,868
416,344		416,344
3,073,812		3,073,812
139,945	869	140,814
106,560		106,560
<u>6,021,529</u>	<u>869</u>	<u>6,022,398</u>
769,374	150,820	920,194
6,380,596	275,923	6,656,519
<u>\$7,149,970</u>	<u>\$426,743</u>	<u>\$7,576,713</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	<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>
Assets:						
Equity in pooled cash and cash equivalents	\$1,339,776	\$239,598	\$733,591	\$2,012,760	\$63,044	\$4,388,769
Receivables:						
Taxes	2,597,618		516,056			3,113,674
Accounts					8,076	8,076
Intergovernmental					15,098	15,098
Accrued interest	1,366					1,366
Interfund receivable	52,051					52,051
Prepayments	38,016					38,016
Total assets	<u>4,028,827</u>	<u>239,598</u>	<u>1,249,647</u>	<u>2,012,760</u>	<u>86,218</u>	<u>7,617,050</u>
Liabilities:						
Accounts payable	3,541		975		860	5,376
Accrued wages and benefits	504,384	29,694			33,447	567,525
Compensated absences payable	20,614					20,614
Pension obligation payable	80,946	7,270			4,683	92,899
Intergovernmental payable	6,886	424			677	7,987
Interfund payable					16,153	16,153
Deferred revenue	2,396,731		477,662		15,098	2,889,491
Total liabilities	<u>3,013,102</u>	<u>37,388</u>	<u>478,637</u>		<u>70,918</u>	<u>3,600,045</u>
Fund Balances:						
Reserved for encumbrances	26,972	16,922	82,430		2,569	128,893
Reserved for prepayments	38,016					38,016
Reserved for property tax unavailable for appropriation	200,887		38,394			239,281
Unreserved, undesignated, reported in:						
General fund	749,850					749,850
Special revenue funds		185,288			12,731	198,019
Capital projects funds			650,186	2,012,760		2,662,946
Total fund balances	<u>1,015,725</u>	<u>202,210</u>	<u>771,010</u>	<u>2,012,760</u>	<u>15,300</u>	<u>4,017,005</u>
Total liabilities and fund balances	<u>\$4,028,827</u>	<u>\$239,598</u>	<u>\$1,249,647</u>	<u>\$2,012,760</u>	<u>\$86,218</u>	<u>\$7,617,050</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006**

Total governmental fund balances		\$4,017,005
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,403,955
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$264,080	
Intergovernmental revenue	15,098	
	<hr/>	
Total		279,178
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(455,396)	
Capital lease obligation	(94,772)	
	<hr/>	
Total		<hr/> (550,168)
Net assets of governmental activities		<hr/> \$7,149,970 <hr/>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<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	\$2,477,761		\$455,821			\$2,933,582
Tuition	334,084	\$415,883				749,967
Earnings on investments	139,945					139,945
Extracurricular					\$5,262	5,262
Other local revenues	22,220	33,547			99,796	155,563
Intergovernmental revenue	3,266,517	229,162	53,104		530,874	4,079,657
Total revenue	6,240,527	678,592	508,925		635,932	8,063,976
Expenditures:						
Current:						
Instruction:						
Regular	856,388		34,649			891,037
Vocational	2,621,662		211,504		222,059	3,055,225
Adult education		619,430			89,413	708,843
Support services:						
Pupil	209,126				225,254	434,380
Instructional staff	75,544		2,920		100,412	178,876
Board of education	67,416					67,416
Administration	419,354	96,342	985		1,023	517,704
Fiscal	263,676		14,080			277,756
Operations and maintenance	557,214					557,214
Pupil transportation	2,113		121,482			123,595
Central	104,101		9,888		7,938	121,927
Other non-instructional services			1,988			1,988
Extracurricular activities	32,086				53	32,139
Debt service:						
Principal retirement		1,676	32,502			34,178
Interest and fiscal charges		445	8,637			9,082
Total expenditures	5,208,680	717,893	438,635		646,152	7,011,360
Excess of revenues over (under) expenditures	1,031,847	(39,301)	70,290		(10,220)	1,052,616
Other financing sources (uses):						
Transfers in		84,169		\$500,000		584,169
Transfers (out)	(584,169)					(584,169)
Total other financing sources (uses)	(584,169)	84,169		500,000		
Net change in fund balances	447,678	44,868	70,290	500,000	(10,220)	1,052,616
Fund balances at beginning of year	568,047	157,342	700,720	1,512,760	25,520	2,964,389
Fund balances at end of year	\$1,015,725	\$202,210	\$771,010	\$2,012,760	\$15,300	\$4,017,005

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, 2006**

Net change in fund balances - total governmental funds \$1,052,616

**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	\$231,445	
Current year depreciation	(314,432)	
Total		(82,987)

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. (9,351)

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

Taxes	(232,370)	
Intergovernmental revenue	15,098	
Total		(217,272)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 34,178

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. (7,810)

Change in net assets of governmental activities \$769,374

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, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$2,454,099	\$2,540,488	\$2,542,183	\$1,695
Tuition	275,880	336,672	336,798	126
Earnings on investments	90,000	136,988	138,579	1,591
Other local revenues	16,250	22,250	21,406	(844)
Intergovernmental - Intermediate	21,000	21,765	21,756	(9)
Intergovernmental - State	2,938,831	3,244,761	3,244,761	
Total revenue	<u>5,796,060</u>	<u>6,302,924</u>	<u>6,305,483</u>	<u>2,559</u>
Expenditures:				
Current:				
Instruction:				
Regular	856,335	848,604	848,604	
Vocational	2,664,573	2,674,265	2,650,608	23,657
Support services:				
Pupil	213,443	210,625	210,625	
Instructional staff	90,848	86,260	86,260	
Board of education	71,105	69,417	63,148	6,269
Administration	444,064	421,512	421,512	
Fiscal	254,923	257,622	257,622	
Operations and maintenance	544,123	617,645	573,216	44,429
Pupil transportation	2,600	2,072	2,072	
Central	100,154	104,386	104,386	
Extracurricular activities	28,631	32,191	32,191	
Total expenditures	<u>5,270,799</u>	<u>5,324,599</u>	<u>5,250,244</u>	<u>74,355</u>
Excess of revenues over expenditures	<u>525,261</u>	<u>978,325</u>	<u>1,055,239</u>	<u>76,914</u>
Other financing sources (uses):				
Refund of prior year expenditure	1,000	1,000	814	(186)
Transfers (out)	(84,169)	(584,169)	(584,169)	
Advances in	85,000	64,000	64,000	
Advances (out)	(85,000)	(64,000)	(64,000)	
Sale of capital assets	7,000	3,500	1,775	(1,725)
Total other financing sources (uses)	<u>(76,169)</u>	<u>(579,669)</u>	<u>(581,580)</u>	<u>(1,911)</u>
Net change in fund balance	449,092	398,656	473,659	75,003
Fund balance at beginning of year	779,318	779,318	779,318	
Prior year encumbrances appropriated	<u>58,731</u>	<u>58,731</u>	<u>58,731</u>	
Fund balance at end of year	<u>\$1,287,141</u>	<u>\$1,236,705</u>	<u>\$1,311,708</u>	<u>\$75,003</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, 2006**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Tuition	\$502,250	\$502,250	\$415,883	(\$86,367)
Other local revenues	9,000	9,000	33,547	24,547
Intergovernmental - State	230,000	230,000	229,162	(838)
Total revenue	<u>741,250</u>	<u>741,250</u>	<u>678,592</u>	<u>(62,658)</u>
Expenditures:				
Current:				
Instruction:				
Adult education	707,349	721,341	643,061	78,280
Support services:				
Instructional staff	13,011	13,268	13,268	
Administration	85,089	86,772	86,772	
Central	3,442	3,510	3,510	
Total expenditures	<u>808,891</u>	<u>824,891</u>	<u>746,611</u>	<u>78,280</u>
Excess of revenues over (under) expenditures	<u>(67,641)</u>	<u>(83,641)</u>	<u>(68,019)</u>	<u>15,622</u>
Other financing sources:				
Transfers in	84,169	84,169	84,169	
Total other financing sources	<u>84,169</u>	<u>84,169</u>	<u>84,169</u>	
Net change in fund balance	16,528	528	16,150	15,622
Fund balance at beginning of year	195,971	195,971	195,971	
Prior year encumbrances appropriated	<u>10,450</u>	<u>10,450</u>	<u>10,450</u>	
Fund balance at end of year	<u><u>\$222,949</u></u>	<u><u>\$206,949</u></u>	<u><u>\$222,571</u></u>	<u><u>\$15,622</u></u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006**

	Business-Type Activities	Nonmajor Enterprise Funds
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents		\$332,935
Receivables:		
Accounts	200	
Intergovernmental	3,539	
Materials and supplies inventory	91,701	
Total current assets	428,375	
Noncurrent assets:		
Capital assets, net		47,907
Total assets		476,282
Liabilities:		
Current:		
Accounts payable	157	
Accrued wages and benefits	12,239	
Interfund loans payable	35,898	
Pension obligation payable	1,018	
Intergovernmental payable	130	
Total liabilities	49,442	
Long-term liabilities:		
Compensated absences		97
Total liabilities		49,539
Net assets:		
Invested in capital assets		47,907
Unrestricted		378,836
Total net assets		\$426,743

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, 2006**

	Business-Type Activities
	Non-major Enterprise Funds
Operating revenues:	
Tuition and fees	\$69,470
Sales/charges for services	538,474
Total operating revenues	607,944
Operating expenses:	
Personal services	68,968
Purchased services	9,226
Materials and supplies	417,840
Depreciation	7,525
Other	2,067
Total operating expenses	505,626
Operating income	102,318
Nonoperating revenues:	
Federal donated commodities	15,886
Interest revenue	869
Grants and subsidies	31,747
Total nonoperating revenues	48,502
Change in net assets	150,820
Net assets at beginning of year	275,923
Net assets at end of year	\$426,743

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Business-Type Activities
	Non-major Enterprise Funds
Cash flows from operating activities:	
Cash received from tuition and fees	\$69,470
Cash received from sales/charges for services	538,474
Cash payments for personal services	(69,687)
Cash payments for purchased services	(9,226)
Cash payments for materials and supplies	(393,391)
Cash payments for other expenses	(2,067)
	133,573
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies	30,856
	30,856
Cash flows from investing activities:	
Interest received	869
	869
Net increase in cash and cash equivalents	165,298
Cash and cash equivalents at beginning of year	167,637
Cash and cash equivalents at end of year	332,935
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income	102,318
Adjustments:	
Depreciation	7,525
Federal donated commodities	15,886
Changes in assets and liabilities:	
Increase in accounts receivable	(200)
Decrease in materials and supplies inventory	8,656
Increase in accounts payable	107
Increase in accrued wages and benefits	3,717
Decrease in pension obligation payable	(4,519)
Decrease in intergovernmental payable	(14)
Increase in compensated absences payable	97
	97
Net cash provided by (used in) operating activities	\$133,573

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER
VAN WERT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$50,103
Receivables:	
Accounts	250
	<hr/>
Total assets	<u>50,353</u>
Liabilities:	
Held for Employee Medical Dental Reimbursement	20,360
Due to students	29,993
	<hr/>
Total liabilities	<u>\$50,353</u>

See accompanying notes to the basic financial statements.

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**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

1. DESCRIPTION OF THE SCHOOL

The Vantage Career Center (the "Career Center") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The Career Center is operated under a Board of Education consisting of 1 member each from the participating districts that are appointed by their board of educations. 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 30 non-certificated employees and 53 certificated full-time teaching personnel, who provide services to 444 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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(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 Ray Burden, Director, at 645 South Main Street, Lima, Ohio 45804.

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(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, rotary, and uniform school supply activities provided by the Career Center.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Proprietary funds distinguish operating revenues and expenses from 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).

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VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2006, but which were levied to finance fiscal year 2007 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.

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 2006 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2006.
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.
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, 2006. 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 2006, investments were limited to certificates of deposit, which are reported at cost.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$139,945, which includes \$102,700 assigned from other funds, and \$869 to the food service proprietary fund.

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.

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 2006, 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>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	n/a
Buildings and improvements	20 - 50 years	n/a
Furniture and equipment	10 - 20 years	10 - 20 years
Vehicles	8 years	n/a

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2006, 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, 2006, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an 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, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. As of June 30, 2006, net assets restricted by enabling legislation were \$721,515 in the statement of net assets.

N. Prepayments

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

O. Estimates

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

P. 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 non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2006.

3. ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For fiscal year 2006, the Career Center has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of these GASB Statements did not have a material effect on the fund balances/net assets of the Career Center as previously reported at June 30, 2005.

B. Deficit Fund Balances

Fund balances at June 30, 2006 included the following individual fund deficits:

	Deficit
Non-major Governmental Funds	
EMIS	\$9
Vocational Education Enhancement	757
Vocational Education	39,338
 Non-major Business-Type Activities	
Uniform School Supplies	11,351

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.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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.

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);

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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, 2006, the carrying amount of all Career Center deposits was \$4,770,591. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$4,522,979 of the Career Center's bank balance of \$4,922,979 was exposed to custodial risk as discussed below, while \$400,000 was covered by Federal Deposit Insurance Corporation.

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, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$4,770,591
Cash on hand	<u>1,216</u>
Total	<u><u>\$4,771,807</u></u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

<u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 4,388,769
Business-type activities	332,935
Agency funds	<u>50,103</u>
Total	<u>\$ 4,771,807</u>

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2006 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 16,153
General	Nonmajor business-type activities	<u>35,898</u>
		<u>52,051</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, only internal balances between governmental funds and business-type activities funds at June 30, 2006 are reported on the Statement of Net Assets.

B. Interfund transfers for the year ended June 30, 2006, consisted of the following, as reported on the fund financial statements:

Transfers from General fund to:	
Capital projects fund	\$ 500,000
Adult education fund	<u>84,169</u>
	<u>\$ 584,169</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, only transfers between governmental funds and business-type activities funds at June 30, 2006 are reported on the Statement of Activities.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 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 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2006, on the value as of December 31, 2005.

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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Career Center due to the phasing out of the tax. In calendar years 2006-2010, the Career Center will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 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.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

6. PROPERTY TAXES (Continued)

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

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 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$790,719,190	84.62	\$828,624,550	86.54
Public utility personal	57,772,260	6.18	56,807,680	5.93
Tangible personal property	<u>85,919,665</u>	<u>9.20</u>	<u>72,062,214</u>	<u>7.53</u>
Total	<u><u>\$934,411,115</u></u>	<u><u>100.00</u></u>	<u><u>\$957,494,444</u></u>	<u><u>100.00</u></u>
Tax rate per \$1,000 of assessed valuation	\$3.80		\$3.80	

7. RECEIVABLES

Receivables at June 30, 2006 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

Governmental Activities	
Taxes	\$3,113,674
Accounts	8,076
Intergovernmental	15,098
Accrued interest	1,366
Business-Type Activities	
Accounts	200
Intergovernmental	<u>3,539</u>
Total receivables	<u><u>\$3,141,953</u></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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance 06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/06</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$40,000			\$40,000
Total capital assets, not being depreciated	<u>40,000</u>			<u>40,000</u>
Capital assets, being depreciated:				
Land improvements	191,565	\$3,760		195,325
Buildings and improvements	6,075,234	2,021		6,077,255
Furniture and equipment	2,951,934	225,664	(\$189,374)	2,988,224
Vehicles	227,231		(33,000)	194,231
Total capital assets, being depreciated	<u>9,445,964</u>	<u>231,445</u>	<u>(222,374)</u>	<u>9,455,035</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(138,047)	(9,484)		(147,531)
Building and improvements	(3,513,030)	(121,799)		(3,634,829)
Furniture and equipment	(2,169,935)	(169,742)	180,023	(2,159,654)
Vehicles	(168,659)	(13,407)	33,000	(149,066)
Total accumulated depreciation	<u>(5,989,671)</u>	<u>(314,432)</u>	<u>213,023</u>	<u>(6,091,080)</u>
Governmental activities capital assets, net	<u>\$3,496,293</u>	<u>(\$82,987)</u>	<u>(\$9,351)</u>	<u>\$3,403,955</u>
Business-Type Activities				
Capital assets, being depreciated:				
Furniture and equipment	\$248,200			\$248,200
<i>Less: accumulated depreciation</i>	<u>(192,768)</u>	<u>(7,525)</u>		<u>(200,293)</u>
Total	<u>\$55,432</u>	<u>(\$7,525)</u>	<u>\$0</u>	<u>\$47,907</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$10,555
Vocational	244,263
Adult education	2,748

Support Services:

Pupil	60
Instructional staff	6,960
Administration	8,869
Fiscal	1,022
Operations and maintenance	17,683
Pupil transportation	12,824
Operation of non-instructional services	9,448
Total depreciation expense	<u>\$314,432</u>

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

9. CAPITAL LEASES - LESSEE DISCLOSURE

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

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. Accumulated depreciation as of June 30, 2006 was \$46,396, leaving a book value of \$49,388. Principal payments in fiscal year 2006 totaled \$32,502 paid by the Permanent Improvement fund and \$1,676 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, 2006:

Fiscal Year Ending June 30,	Amount
2007	\$43,258
2008	43,261
2009	18,025
Total minimum lease payments	104,544
Less amount representing interest	(9,772)
Total	<u>\$94,772</u>

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2006, the following changes occurred in long-term obligations:

	Balance Outstanding <u>06/30/05</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/06</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
Capital lease obligations	\$ 128,950	\$ -	\$ (34,178)	\$ 94,772	\$ 37,015
Compensated absences	<u>443,124</u>	<u>121,080</u>	<u>(88,194)</u>	<u>476,010</u>	<u>70,632</u>
Total long-term obligations, governmental activities	<u>\$ 572,074</u>	<u>\$ 121,080</u>	<u>\$ (122,372)</u>	<u>\$ 570,782</u>	<u>\$ 107,647</u>
Business-Type Activities:					
Compensated absences	\$ -	\$ 97	\$ -	\$ 97	\$ -
Total long-term obligations, business-type activities	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ -</u>	<u>\$ 97</u>	<u>\$ -</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

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.

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, 2006 are a voted debt margin of \$86,174,500 and an unvoted debt margin of \$957,494.

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 28 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 28 days for a maximum of 58 days.

12. RISK MANAGEMENT

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2005.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(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 toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org; under forms and publications.

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(Continued)**

13. DEFINED BENEFIT PENSION PLAN (Continued)

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 2006, 10.58% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57% 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 to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$100,342, \$95,090, and \$74,674, respectively; 100% has been contributed for fiscal years 2006, 2005 and 2004.

B. State Teachers Retirement System

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

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

Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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(Continued)**

13. DEFINED BENEFIT PENSION PLAN (Continued)

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions to STRS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$394,142, \$409,414, and \$432,153, respectively; 100% has been contributed for fiscal years 2006, 2005 and 2004. Contributions to the DC and Combined Plans for fiscal 2006 were \$9,168 made by the Career Center and \$8,732 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, 2006, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2% of wages paid.

14. POSTEMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Career Center, this amount equaled \$30,319 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

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

14. POSTEMPLOYMENT BENEFITS Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, a decrease of 0.01 percent from fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, the Career Center paid \$50,572 to fund health care benefits, including the surcharge.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. On the basis of actuarial projections, the allocated contributions will be insufficient in the long term, to provide for a health care reserve equal to at least 150 percent of estimated annual net claim costs. SERS has 58,123 participants currently receiving health care benefits.

15. BUDGETARY BASIS OF ACCOUNTING

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

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

- a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- 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:

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FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

15. BUDGETARY BASIS OF ACCOUNTING (Continued)

	Net Change in Fund Balance	
	<u>General Fund</u>	<u>Adult Education</u>
Budget basis	\$473,659	\$16,150
Net adjustment for revenue accruals	(64,956)	
Net adjustment for expenditure accruals	13,496	11,691
Net adjustment for other sources/uses	(2,589)	
Adjustment for encumbrances	28,068	17,027
GAAP basis	<u>\$447,678</u>	<u>\$44,868</u>

16. CONTINGENCIES

A. Grants

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

B. Litigation

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

17. STATUTORY RESERVES

The Career Center is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2006, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2005	(\$739,876)	
Current year set-aside requirement	64,737	\$64,737
Qualifying disbursements	(267,183)	(355,237)
Total	<u>(\$942,322)</u>	<u>(\$290,500)</u>
Cash balance carried forward to FY 2007	<u>(\$942,322)</u>	<u>\$0</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

17. STATUTORY RESERVES (Continued)

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.

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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, the business-type activities, each major fund, and the aggregate remaining fund information of Vantage Career Center, Van Wert County, (the Career Center), as of and for the year ended June 30, 2006, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 5, 2007. 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 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. In a separate letter to the Career Center's management dated January 5, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is listed in the accompanying schedule of findings as item 2006-001. In a separate letter to the Career Center's management dated January 5, 2007, we reported other matters related to noncompliance we deemed immaterial.

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Vantage Career Center
Van Wert County
Independent Accountants' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Board of Education. 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

January 5, 2007

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2006**

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

FINDING NUMBER 2006-001

FINDING FOR RECOVERY – REPAID UNDER AUDIT

Pursuant to Ohio Rev. Code Section 9.38, the definition of "public official" found in R.C. 117.01 is applicable to R.C. 9.39. "Public official" is defined in R.C. 117.01(E) as "any officer, employee, or duly authorized representative or agent of a public office." In turn, "public office" is defined as "any state agency, public institution, political subdivision, or other organized body, office, agency, institution, or entity established by the laws of this state for the exercise of any function of government." R.C. 117.01(D).

Ohio Rev. Code Section 9.39 states that all public officials are held liable for all public money received or collected by them or by their subordinates under color of office. Further, Ohio Atty Gen. Op. No. 93-004 provides that the language of Ohio Rev. Code Section 9.39 with respect to the liability of public officials is plain and unambiguous stating that a public official will be held personally liable if public moneys that come into his possession or custody in his official capacity are lost.

In fiscal year 2005, the Automotive Technology Student Activity sold fruit and nuts as a fund raising event. Per the invoices, the amount of fruit and nuts items purchased at the stated selling prices should have resulted in \$7,687 being collected. The amount actually deposited for the sales with the Vantage Career Center's Treasurer was \$6,870. Mr. Duncan provided the Auditor of State's office with a letter dated January 3, 2007, from Vancrest Health Care Center stating that they had received fruit donations in fiscal year 2005 with a selling price valued at \$352, thus leaving a shortage for the fund raiser in the total amount of \$465.

In fiscal year 2006, the Automotive Technology Student Activity sold fruit and nuts as a fund raising event. Per the invoices, the amount of fruit and nut items purchased at the stated selling prices should have resulted in \$3,479 being collected. The amount actually deposited for the sales with the Vantage Career Center's Treasurer was \$2,792. Mr. Duncan provided the Auditor of State's office with his hand written notes indicating that fruit with a selling price of \$163 was written off as spoiled and \$30 worth of nuts were still on hand in inventory, leaving a shortage of \$494. When questioned regarding this shortage, the Auto Tech Advisor deposited \$297 with the Vantage Career Center's Treasurer on December 13, 2006, leaving a remaining shortage in the total amount of \$197.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Jeff Duncan, Automotive Technology Advisor in the total amount of \$662 in favor of the Vantage Career Center Auto Tech Student Activity Fund.

Official's Response:

The finding was repaid under audit by Jeff Duncan on February 9, 2007, on receipt # 35931 in the amount of \$662.

Due to the Finding For Recovery, Vantage Career Center is implementing a procedure where all activities will be doing their own Sales Project Potential Form for each fundraiser. This will have a reconciliation of each account separately and should show if there is a potential problem with an individual activity account. In the past, the FFA activity coordinator was responsible to submit the Sales Project Potential Form for all fruit and nut sales as a total. The Treasurer's office will also be meeting with the activity advisors to remind them of their responsibility of handling public funds through fundraisers and the importance of making sure all funds are accounted for in the activity accounts.



Mary Taylor, CPA
Auditor of State

VANTAGE CAREER CENTER

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 6, 2007