



**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Vanguard-Sentinel Career Centers  
Sandusky County  
1306 Cedar Street  
Fremont, Ohio 43420-1197

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Vanguard-Sentinel Career Centers, Sandusky County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Vanguard-Sentinel Career Centers, Sandusky County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

As discussed in Note 3, the District changed its capitalization threshold from \$200 to \$500, effective July 1, 1999. The District also changed the Polter Trust from a Nonexpendable Trust to an Expendable Trust.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

December 11, 2000

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**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,927,124	\$213,039	\$566,667	\$2,491,744
Cash and Cash Equivalents:				
In Segregated Accounts	146			
Receivables:				
Accounts	3,089	9,619		
Intergovernmental	31,563	72,717		
Accrued Interest	61,978			
Interfund Receivable	163,000			
Property and Other Local Taxes	3,408,731			
Prepaid Items	56,290	2,192		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	387,225			
Inventory Held for Resale				
Materials and Supplies Inventory				
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of Long Term Obligations				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b>\$6,039,146</b>	<b>\$297,567</b>	<b>\$566,667</b>	<b>\$2,491,744</b>



Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$197,975	\$256,849			\$5,653,398
				146
5,491	835			19,034
3,302				107,582
				61,978
				163,000
				3,408,731
2,462	2			60,946
				387,225
5,766				5,766
6,376				6,376
40,399		\$18,808,862		18,849,261
			\$566,667	566,667
			767,664	767,664
<b>\$261,771</b>	<b>\$257,686</b>	<b>\$18,808,862</b>	<b>\$1,334,331</b>	<b>\$30,057,774</b>

(Continued)

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$68,663	\$12,082		
Accrued Wages	908,746	76,144		
Compensated Absences Payable	16,517			
Interfund Payable		162,000		
Deferred Revenue	3,016,564			
Due to Students				
School Facilities Loan Payable				
Total Liabilities	4,010,490	250,226		
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	298,617	12,454		
Reserved for Property Taxes	392,167			
Reserved for Debt Service Principal			\$566,667	
Reserved for Budget Stabilization	387,225			
Reserved for Trust				
Unreserved:				
Undesignated	950,647	34,887		\$2,491,744
Total Fund Equity and Other Credits	2,028,656	47,341	566,667	2,491,744
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$6,039,146</b>	<b>\$297,567</b>	<b>\$566,667</b>	<b>\$2,491,744</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$3,440	\$3,157			\$87,342
41,015	542			1,026,447
45,527			\$767,664	829,708
1,000				163,000
3,661				3,020,225
	38,725			38,725
			566,667	566,667
<u>94,643</u>	<u>42,424</u>		<u>1,334,331</u>	<u>5,732,114</u>
		\$18,808,862		18,808,862
2,300				2,300
164,828				164,828
	501			311,572
				392,167
				566,667
				387,225
	902			902
	213,859			3,691,137
<u>167,128</u>	<u>215,262</u>	<u>18,808,862</u>		<u>24,325,660</u>
<u><b>\$261,771</b></u>	<u><b>\$257,686</b></u>	<u><b>\$18,808,862</b></u>	<u><b>\$1,334,331</b></u>	<u><b>\$30,057,774</b></u>

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<b>Revenues:</b>		
Intergovernmental	\$6,729,550	\$885,299
Interest	314,827	
Tuition and Fees	9,829	
Gifts and Donations	1,631	7,136
Property and Other Local Taxes	3,153,050	
Miscellaneous	304,309	51,959
	<hr/>	<hr/>
Total Revenues	10,513,196	944,394
	<hr/>	<hr/>
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	253,993	
Special	127,712	20,400
Vocational	6,250,027	153,361
Adult/Continuing		121,300
Support Services:		
Pupils	261,381	303,124
Instructional Staff	314,684	150,875
Board of Education	35,523	
Administration	543,897	32,280
Fiscal	321,946	1,320
Operation and Maintenance of Plant	1,120,124	6,299
Pupil Transportation	64,894	6,098
Central		166,744
Operation of Non-Instructional Services		4,408
Extracurricular Activities	11,922	
Capital Outlay		
Debt Service:		
Principal Retirement	2,405	
	<hr/>	<hr/>
Total Expenditures	9,308,508	966,209
	<hr/>	<hr/>
Excess of Revenues Over (Under) Expenditures	1,204,688	(21,815)
	<hr/>	<hr/>
<b>Other Financing Sources (Uses):</b>		
Proceeds from Sale of Fixed Assets	9,337	
Refund of Prior Year Expenditures	2,973	
Refund of Prior Year Receipts		(35)
Operating Transfers In		15,405
Operating Transfers Out	(1,031,405)	
Increase (Decrease) in Fair Value of Investments	917	
	<hr/>	<hr/>
Total Other Financing Sources (Uses)	(1,018,178)	15,370
	<hr/>	<hr/>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	186,510	(6,445)
	<hr/>	<hr/>
Fund Balances at Beginning of Year	1,842,146	53,786
	<hr/>	<hr/>
<b>Fund Balances at End of Year</b>	<b>\$2,028,656</b>	<b>\$47,341</b>
	<hr/> <hr/>	<hr/> <hr/>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
		\$4,845	\$7,614,849
			319,672
			9,829
			8,767
			3,153,050
		35,205	391,473
		40,050	11,497,640
			253,993
			148,112
		18,025	6,421,413
		8,823	130,123
			564,505
		1,474	467,033
			35,523
		5,079	581,256
			323,266
			1,126,423
			70,992
			166,744
			4,408
			11,922
	\$2,473	340	2,813
\$66,667			69,072
66,667	2,473	33,741	10,377,598
(66,667)	(2,473)	6,309	1,120,042
			9,337
			2,973
			(35)
	1,015,000	1,000	1,031,405
			(1,031,405)
			917
	1,015,000	1,000	13,192
(66,667)	1,012,527	7,309	1,133,234
633,334	1,479,217	206,866	4,215,348
<b>\$566,667</b>	<b>\$2,491,744</b>	<b>\$214,175</b>	<b>\$5,348,582</b>

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues:</b>			
Intergovernmental	\$6,543,781	\$6,725,564	\$181,783
Interest	260,000	300,708	40,708
Tuition and Fees	8,000	9,819	1,819
Gifts and Donations			
Property and Other Local Taxes	3,095,687	3,220,284	124,597
Miscellaneous	269,200	308,839	39,639
<b>Total Revenues</b>	<b>10,176,668</b>	<b>10,565,214</b>	<b>388,546</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	280,860	261,381	19,479
Special	129,029	126,587	2,442
Vocational	6,461,267	6,390,761	70,506
Adult/Continuing			
Support Services:			
Pupils	265,648	244,516	21,132
Instructional Staff	330,249	318,587	11,662
Board of Education	57,426	46,683	10,743
Administration	558,380	550,472	7,908
Fiscal	342,093	327,560	14,533
Operation and Maintenance of Plant	1,328,568	1,257,901	70,667
Pupil Transportation	69,472	63,247	6,225
Central			
Operation of Non-Instructional Services			
Extracurricular Activities	17,000	11,922	5,078
Capital Outlay			
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<b>Total Expenditures</b>	<b>9,839,992</b>	<b>9,599,617</b>	<b>240,375</b>
Excess of Revenues Over (Under) Expenditures	336,676	965,597	628,921
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets	412	9,337	8,925
Refund of Prior Year Expenditures		2,973	2,973
Refund of Prior Year Receipts			
Advances In	120,000	120,000	
Advances Out	(170,000)	(163,000)	7,000
Operating Transfers In			
Operating Transfers Out	(1,035,000)	(1,031,405)	3,595
<b>Total Other Financing Sources (Uses)</b>	<b>(1,084,588)</b>	<b>(1,062,095)</b>	<b>22,493</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(747,912)	(96,498)	651,414
Fund Balances at Beginning of Year	1,542,912	1,542,912	
Prior year Encumbrances Appropriated	505,139	505,139	
<b>Fund Balances at End of Year</b>	<b>\$1,300,139</b>	<b>\$1,951,553</b>	<b>\$651,414</b>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,012,143	\$880,539	(\$131,604)			
7,050	7,136	86			
61,896	47,520	(14,376)			
1,081,089	935,195	(145,894)			
22,285	22,256	29			
165,578	131,721	33,857			
154,509	122,675	31,834			
342,654	325,940	16,714			
174,207	153,828	20,379			
43,744	40,795	2,949			
1,320	1,320				
6,592	6,292	300			
6,205	6,205				
180,166	172,380	7,786			
8,986	8,986				
			\$66,667	\$66,667	
1,106,246	992,398	113,848	66,667	66,667	
(25,157)	(57,203)	(32,046)	(66,667)	(66,667)	
(35)	(35)				
	162,000	162,000			
	(120,000)	(120,000)			
15,505	15,405	(100)			
15,470	57,370	41,900			
(9,687)	167	9,854	(66,667)	(66,667)	
153,899	153,899		633,334	633,334	
34,441	34,441				
<b>\$178,653</b>	<b>\$188,507</b>	<b>\$9,854</b>	<b>\$566,667</b>	<b>\$566,667</b>	

(Continued)

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	<u>Capital Projects Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental			
Interest			
Tuition and Fees			
Gifts and Donations			
Property and Other Local Taxes			
Miscellaneous			
Total Revenues			
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing			
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Operation of Non-Instructional Services			
Extracurricular Activities			
Capital Outlay	\$3,436	\$2,885	\$551
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	3,436	2,885	551
Excess of Revenues Over (Under) Expenditures	(3,436)	(2,885)	551
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Refund of Prior Year Receipts			
Advances In			
Advances Out			
Operating Transfers In	950,000	1,015,000	65,000
Operating Transfers Out			
Total Other Financing Sources (Uses)	950,000	1,015,000	65,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	946,564	1,012,115	65,551
Fund Balances (Deficit) at Beginning of Year	1,476,193	1,476,193	
Prior year Encumbrances Appropriated	3,436	3,436	
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$2,426,193</b>	<b>\$2,491,744</b>	<b>\$65,551</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$7,555,924	\$7,606,103	\$50,179
\$4,000	\$4,845	\$845	264,000	305,553	41,553
			8,000	9,819	1,819
			7,050	7,136	86
			3,095,687	3,220,284	124,597
34,500	39,196	4,696	365,596	395,555	29,959
38,500	44,041	5,541	11,296,257	11,544,450	248,193
			280,860	261,381	19,479
			151,314	148,843	2,471
30,151	18,261	11,890	6,656,996	6,540,743	116,253
11,320	9,217	2,103	165,829	131,892	33,937
			608,302	570,456	37,846
3,170	1,481	1,689	507,626	473,896	33,730
			57,426	46,683	10,743
6,300	5,129	1,171	608,424	596,396	12,028
			343,413	328,880	14,533
			1,335,160	1,264,193	70,967
			75,677	69,452	6,225
			180,166	172,380	7,786
			8,986	8,986	
1,000	550	450	17,000	11,922	5,078
			4,436	3,435	1,001
			66,667	66,667	
51,941	34,638	17,303	11,068,282	10,696,205	372,077
(13,441)	9,403	22,844	227,975	848,245	620,270
			412	9,337	8,925
			(35)	2,973	2,973
			120,000	(35)	
			(170,000)	282,000	162,000
1,000	1,000		966,505	(283,000)	(113,000)
			(1,035,000)	1,031,405	64,900
				(1,031,405)	3,595
1,000	1,000		(118,118)	11,275	129,393
(12,441)	10,403	22,844	109,857	859,520	749,663
202,397	202,397		4,008,735	4,008,735	
791	791		543,807	543,807	
<b>\$190,747</b>	<b>\$213,591</b>	<b>\$22,844</b>	<b>\$4,662,399</b>	<b>\$5,412,062</b>	<b>\$749,663</b>

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**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED, JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Tuition	\$266,795		\$266,795
Sales	151,914		151,914
Charges for Services	138,004		138,004
Interest		\$60	60
<b>Total Operating Revenue</b>	<u>556,713</u>	<u>60</u>	<u>556,773</u>
<b>Operating Expenses:</b>			
Salaries	481,304		481,304
Fringe Benefits	102,534		102,534
Purchased Services	27,990	45	28,035
Materials and Supplies	204,620		204,620
Cost of Sales	48,045		48,045
Depreciation	8,361		8,361
<b>Total Operating Expenses</b>	<u>872,854</u>	<u>45</u>	<u>872,899</u>
Operating Income (Loss)	<u>(316,141)</u>	<u>15</u>	<u>(316,126)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Federal Donated Commodities	10,537		10,537
Federal and State Subsidies	300,540		300,540
Interest	2,322		2,322
Gain on Sale of Fixed Assets	2,563		2,563
Loss on Sale of Fixed Assets	(83)		(83)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>315,879</u>		<u>315,879</u>
Net Income (Loss)	(262)	15	(247)
Retained Earnings/Fund Balance at Beginning of Year	<u>165,090</u>	<u>1,072</u>	<u>166,162</u>
Retained Earnings/Fund Balance at End of Year	164,828	1,087	165,915
Contributed Capital at Beginning of Year	12,300		12,300
Sale of Fixed Assets Acquired by Contributed Capital	<u>(10,000)</u>		<u>(10,000)</u>
Contributed Capital at End of Year	<u>2,300</u>		<u>2,300</u>
<b>Total Fund Equity at End of Year</b>	<u><b>\$167,128</b></u>	<u><b>\$1,087</b></u>	<u><b>\$168,215</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Tuition	\$303,000	\$284,432	(\$18,568)
Sales	148,000	151,639	3,639
Charges for Services	119,600	135,223	15,623
Interest			
Total Revenues	570,600	571,294	694
<b>Expenses:</b>			
Salaries	481,169	477,898	3,271
Fringe Benefits	107,218	103,027	4,191
Purchased Services	34,650	29,948	4,702
Materials and Supplies	260,365	251,094	9,271
Capital Outlay	13,500	8,656	4,844
Other	100	95	5
Total Expenses	897,002	870,718	26,284
Excess of Revenues Over (Under) Expenses	(326,402)	(299,424)	26,978
Interest	2,000	2,322	322
Federal and State Subsidies	247,400	298,688	51,288
Transfers In			
Advances In		1,000	1,000
Excess of Revenues Over (Under) Expenses, Advances and Operating Transfers	(77,002)	2,586	79,588
Fund Equity (Deficit) at Beginning of Year	170,048	170,048	
Prior Year Encumbrances Appropriated	10,276	10,276	
<b>Fund Equity (Deficit) at End of Year</b>	<b>\$103,322</b>	<b>\$182,910</b>	<b>\$79,588</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Nonexpendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$303,000	\$284,432	(\$18,568)
			148,000	151,639	3,639
			119,600	135,223	15,623
	\$60	\$60		60	60
	60	60	570,600	571,354	754
			481,169	477,898	3,271
			107,218	103,027	4,191
\$100	45	55	34,750	29,993	4,757
			260,365	251,094	9,271
			13,500	8,656	4,844
			100	95	5
100	45	55	897,102	870,763	26,339
(100)	15	115	(326,502)	(299,409)	27,093
			2,000	2,322	322
			247,400	298,688	51,288
50		(50)	50		(50)
				1,000	1,000
(50)	15	65	(77,052)	2,601	79,653
1,072	1,072		171,120	171,120	
			10,276	10,276	
<b>\$1,022</b>	<b>\$1,087</b>	<b>\$65</b>	<b>\$104,344</b>	<b>\$183,997</b>	<b>\$79,653</b>

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$286,862		\$286,862
Cash Received from Tuition Payments	284,432		284,432
Cash Received from Interest Income (Nonexpendable Trusts Only)		\$60	60
Cash Payments to Suppliers for Goods and Services	(268,826)	(45)	(268,871)
Cash Payments to Employees for Services	(477,898)		(477,898)
Cash Payments for Employee Benefits	(103,027)		(103,027)
Net Cash Provided (Used) by Operating Activities	<u>(278,457)</u>	<u>15</u>	<u>(278,442)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants Received	298,688		298,688
Cash Received From Advances In	1,000		1,000
Net Cash Provided (Used) by Noncapital Financing Activities	<u>299,688</u>		<u>299,688</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Payments for Capital Acquisitions	(5,902)		(5,902)
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	2,322		2,322
Net Increase (Decrease) in Cash and Cash Equivalents	17,651	15	17,666
Cash and Cash Equivalents at Beginning of Year	180,324	1,072	181,396
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$197,975</u></b>	<b><u>\$1,087</u></b>	<b><u>\$199,062</u></b>

(Continued)

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals (Memorandum Only)</b>
	<b>Enterprise</b>	<b>Nonexpendable Trust</b>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>			
Operating Income (Loss)	(\$316,141)	\$15	(\$316,126)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Depreciation	8,361		8,361
Donated Commodities Used During Year	10,537		10,537
Non-Operating Change in Accruals	1,852		1,852
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	16,031		16,031
(Increase)/Decrease in Prepaid Items	133		133
(Increase)/Decrease in Inventory Held for Resale	54		54
(Increase)/Decrease in Materials and Supplies Inventory	652		652
(Increase)/Decrease in Intergovernmental Receivables	(3,302)		(3,302)
Increase/(Decrease) in Accounts Payable	1,539		1,539
Increase/(Decrease) in Accrued Wages	3,475		3,475
Increase/(Decrease) in Compensated Absences Payable	(509)		(509)
Increase/(Decrease) in Deferred Revenue	(1,139)		(1,139)
	37,684		37,684
<b>Total Adjustments</b>	<b>37,684</b>		<b>37,684</b>
<b>Net Cash Provided by Operating Activities</b>	<b>(\$278,457)</b>	<b>\$15</b>	<b>(\$278,442)</b>
<b>RECONCILIATION OF NONEXPENDABLE TRUST FUND CASH BALANCE AS OF JUNE 30, 2000</b>			
Cash and Cash Equivalents:			
Trust and Agency Funds			\$256,849
Less: Expendable Trust Funds			(214,197)
Less: Agency Funds			(41,565)
<b>Cash and Cash Equivalents - Nonexpendable Trust Funds</b>			<b>\$1,087</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

The School District serves an area of approximately 1600 square miles. The School District is the 6th largest joint vocational school district in the State of Ohio (among 49 joint vocational districts) in terms of enrollment with an enrollment of 1,186 students. The District employed 9 administrative and supervisory personnel, 120 certificated employees and 30 non-certificated employees.

**Reporting Entity:**

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

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

The School District is associated with certain organizations which are defined as a jointly governed organization and a group purchasing pool. These organizations include the Northern Ohio Educational Computer Association, San-Ott Insurance Consortium and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general-purpose financial statements.

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation - Fund Accounting**

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

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

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

**1. Governmental Fund Types**

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

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

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

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

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**2. Proprietary Fund Types**

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

Enterprise Funds - Enterprise funds are used to account for school district activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**3 Fiduciary Fund Types**

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

**4. Account Groups**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

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

**1. Tax Budget**

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

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

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which state the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2000.

**3. Appropriations**

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

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**D. Cash and Investments**

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

During fiscal year 2000, investments were limited to nonnegotiable certificates of deposit, commercial paper, agency obligations, and Star Ohio. Nonnegotiable certificates of deposit are reported at cost. Investments that mature within one year of acquisition are reported at amortized cost and investments maturities over one year of acquisition are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Following Ohio statutes, interest is credited to the General Fund, unless the law prescribes differently. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$314,827 which includes \$195,508 assigned from other funds.

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

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**F. Inventory**

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

**G. Restricted Assets**

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

**H. Fixed Assets and Depreciation**

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

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

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**I. Interfund Assets/Liabilities**

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

**J. Compensated Absences**

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

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

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

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

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

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

**L. Contributed Capital**

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



**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, debt service, budget stabilization, and contributions to the nonexpendable trust fund that must be kept intact.

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

**N. Intergovernmental Revenues**

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

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

**Entitlements**

*General Fund*  
State Foundation Program  
State Property Tax Relief

**Non-Reimbursable Grants**

*Special Revenue Funds*  
Jobs for Ohio's Graduates  
Career Development  
Teacher Development  
Adult Basic and Literacy Education  
Chapter I - Migrant Education

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Dwight D. Eisenhower Professional Development  
Education Management Information Systems  
Carl D. Perkins Title II  
Title VI

**Reimbursable Grants**

*Proprietary Funds*  
National School Lunch Program  
Government Donated Commodities  
Federal Pell Grant

Grants and entitlements amount to approximately sixty-four percent of the School District's operating revenue during the 2000 fiscal year.

**O. Interfund Transactions**

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

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

**P. Estimates**

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

**Q. Total Columns on General-Purpose Financial Statements**

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

**NOTE 3 – CHANGES IN FINANCIAL STATEMENT PRESENTATION**

**A. Change in Trust Fund Classification**

In prior fiscal years, the School District reported the Polter Trust as a Nonexpendable Trust Fund. For fiscal year 2000, it has been appropriately classified as an Expendable Trust Fund. This change had the following effect on excess of revenues over expenditures and the fund balance as previously reported for the year ended June 30, 1999:

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	Expendable Trust	Nonexpendable Trust
Net Income (Loss)		
Amount previously reported		\$4,296
Adjustment		(4,310)
Adjusted amount as of June 30, 1999		(\$14)
Excess of Revenues Over Expenditures		
Amount previously reported	\$6,399	
Adjustment	4,310	
Adjusted amount as of June 30, 1999	\$10,709	
Fund Balance/Equity		
Balance/Equity previously reported	\$119,609	\$88,329
Adjustment	87,257	(87,257)
Adjusted balance as of July 1, 1999	\$206,866	\$1,072

**B. Change in Capitalization Threshold**

The District changed its capitalization threshold from \$200.00 to \$500.00 effective July 1, 1999. The effect of this change is as follows:

	Enterprise Fund	General Fixed Assets Account Group
Balance previously reported	\$188,650	\$18,868,016
Adjustment	(11,260)	(439,126)
Adjusted Balance as of July 1, 1999	\$177,390	\$18,428,890

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

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

- (1) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental and Similar Fiduciary Fund Type					
	General	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$186,510	(\$6,445)	(\$66,667)	\$1,012,527	\$7,309
Increase/(Decrease) Due to:					
Revenue Accruals:					
Accrued FY 1999, Received in Cash FY 2000	540,815	73,137			4,612
Accrued FY 2000, Not Yet Received in Cash	(488,797)	(82,336)			(621)
Expenditure Accruals:					
Accrued FY 1999, Paid in Cash FY 2000	(944,718)	(90,442)		(412)	(950)
Accrued FY 2000, Not Yet Paid in Cash	993,926	88,226			643
Prepaid Items	26,963	563			12
Advances In	120,000	162,000			
Advances Out	(163,000)	(120,000)			
Change in Fair Market Value of Investments	(917)				
Encumbrances Outstanding at Year End (Budget Basis)	(367,280)	(24,536)			(602)
Budget Basis	(\$96,498)	\$167	(\$66,667)	\$1,012,115	\$10,403

Net Income/Excess of Revenues Over (Under) Expenses, Advances and Transfers Proprietary and Similar Fiduciary Fund Type		
	Enterprise	Nonexpendable Trust
GAAP Basis	(\$262)	\$15
Increase/(Decrease) Due to:		
Revenue Accruals:		
Accrued FY 1999, Received in Cash FY 2000	21,522	
Accrued FY 2000, Not Yet Received in Cash	(8,793)	

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	Enterprise	Nonexpendable Trust
Expenditure Accruals:		
Accrued FY 1999, Paid in Cash FY 2000	(85,477)	
Accrued FY 2000, Not Yet Paid in Cash	89,982	
Prepaid Items	133	
Inventory Held for Resale	54	
Materials and Supplies Inventory	(487)	
Acquisition of Fixed Assets	(5,902)	
Depreciation Expense	8,361	
Advances In	1,000	
Gain on Sale of Fixed Assets	(2,480)	
Encumbrances Outstanding at Year End (Budget Basis)	(15,065)	
Budget Basis	\$2,586	\$15

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury Notes, Bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation,

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

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

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

At fiscal year-end, the carrying amount of the School District's deposits was \$3,837,211 and the bank balance was \$4,101,844. Of the bank balance, \$704,970 was covered by federal depository insurance; and \$3,396,874 was collateralized with pooled securities. Although the securities were held by the pledging financial institution, or by its' trust department or safekeeping agent, but not in the School District's name and all State statutory requirements for deposits of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

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in the School District's name. Star Ohio is an unclassified investment because it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
<u>Categorized Investments</u>		
U.S. Government Securities (over year in maturity)	\$693,686	\$693,686
Commercial Paper	483,293	483,293
Total Categorized Investments	1,176,979	1,176,979
 <u>Non-Categorized Investments</u>		
STAR Ohio		1,026,433
Total Investments	\$1,176,979	\$2,203,412

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$6,040,769	
Cash on Hand	(146)	
Government Agencies	(693,686)	\$693,686
Commercial Paper	(483,293)	483,293
STAR Ohio	(1,026,433)	1,026,433
GASB Statement 3	\$3,837,211	\$2,203,412

**NOTE 6 - PROPERTY TAXES**

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

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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Crawford, Hancock, Huron, Marion, Ottawa, Sandusky, Seneca, Wood, and Wyandot counties. The county auditors periodically advance to the School District its portion of taxes collected. Second-half real property tax payments collected by the counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$392,167 in the General Fund. The amount available as an advance at June 30, 1999, was \$452,972 in the General Fund.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second-half Collections		2000 First-half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,610,287,400	75.86%	\$1,786,768,380	77.62%
Public Utility	170,341,250	8.02%	168,323,890	7.31%
Tangible Personal Property	342,109,548	16.12%	347,021,148	15.07%
Total Assessed Value	<u>\$2,122,738,198</u>	<u>100.00%</u>	<u>\$2,302,113,418</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		<u>\$1.60</u>		<u>\$1.60</u>

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, interest, accounts (billings for user charged services), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:



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Receivables	Amount
General Fund	\$31,563
Special Revenue Funds:	
Public School Support Fund	30
Career Development Grant	12,123
Carl Perkins Grant	60,564
Total Special Revenue Fund	72,717
Enterprise Funds:	
Tuition	3,302
Total Intergovernmental Receivables	\$107,582

**NOTE 8 - FIXED ASSETS**

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

Asset Category	Balance at 7/1/99	Additions	Retirements	Balance at 6/30/00
Land	\$167,781	\$162,909		\$330,690
Buildings	14,227,496	91,511		14,319,007
Furniture and Equipment	3,818,161	491,919	\$385,876	3,924,204
Vehicles	215,452	21,209	1,700	234,961
Total General Fixed Assets	\$18,428,890	\$767,548	\$387,576	\$18,808,862

The following is a summary of proprietary fund-type fixed assets at June 30, 2000:

	Enterprise Funds
Buildings	\$7,000
Machinery and equipment	118,114
Contributed Capital	2,300
Less accumulated depreciation	(87,015)
Net fixed assets	\$40,399

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

Buildings	40 years
Equipment	5-10 years

**NOTE 9 - INTERFUND TRANSACTIONS**

As of June 30, 2000, interfund receivables and payables that resulted from various interfund transactions were as follows:

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Fund	Receivable	Payable
General	\$163,000	
Special Revenue		
Adult Basic Literacy Education - PIC		\$15,000
Career Education Grant		15,000
Adult Basic Literacy Education		42,000
Vocational Planning Grant		85,000
Title VI Grant		5,000
Total Special Revenue		162,000
Enterprise Funds:		
Uniform School Supply		1,000
Total	\$163,000	\$163,000

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, theft, or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance for property and Nationwide for fleet insurance and liability coverage.

Coverages provided by Indiana and Nationwide Insurance is as follows:

Buildings and contents - Replacement Cost	\$33,504,403
	(\$1,000 deductible)
Boiler and Machinery - Limit per accident	15,000,000
	(\$1,000 deductible)
Garage Liability	1,000,000
Garage Keepers Liability	45,000
Automobile Liability	2,000,000
Uninsured Motorists	2,000,000
General Liability:	
Per occurrence	1,000,000
Total per Year	5,000,000
Umbrella Liability	1,000,000

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

For fiscal year 2000, the School district participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool. The intent of the Plan is to achieve a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

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Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

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

The School District participates in the San-Ott Insurance Consortium for its health insurance coverage. The School District pays premiums to the Consortium. The Consortium is responsible for the management and operation of the program. (See Note 18)

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$822,223, \$794,896, and \$778,264, respectively, equal to the required contributions for each fiscal year.

**B. School Employees Retirement System**

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

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Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For the fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$138,558, \$127,803, and \$116,541, respectively, equal to the required contributions for each fiscal year.

**C. Social Security System**

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$470,666 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the fund was \$2,783 million. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For the fiscal year, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$97,518 for fiscal year 2000.

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The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**NOTE 13 – EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Health Care Benefits**

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

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during the fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Vocational Building Assistance No Interest Matures 9/30/2008	\$633,334		\$66,667	\$566,667
Equipment Loan 0.0% Interest Matures 1/6/00	2,405		2,405	
Compensated Absences Payable	753,297	\$14,367		767,664
Total General Long Term Obligation	\$1,389,036	\$14,367	\$69,072	\$1,334,331

**VANGUARD-SENTINEL CAREER CENTERS  
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JUNE 30, 2000  
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On May 31, 1993, the State Board of Education granted a \$1,000,000 interest free loan for the purpose of purchasing the Terra Tech campus on Cedar Street and making necessary renovations. Payments of \$33,333 are to be made semi-annually beginning March 31, 1994 and maturing on September 30, 2008.

On January 6, 1997, the District purchased a Xerox 4700 color printer. Thirty-six (36) monthly payments are due in the amount of \$343. The note matured on January 6, 2000.

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

The School District's overall debt margin was \$207,190,208 with an unvoted debt margin of \$2,302,113 at June 30, 2000.

Principal and interest requirements to retire debt outstanding at June 30, 2000 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2001	\$66,667		\$66,667
2002	66,667		66,667
2003	66,667		66,667
2004	66,667		66,667
2005	66,667		66,667
2006-09	233,332		233,332
Total	<u>\$566,667</u>		<u>\$566,667</u>

**NOTE 15 – RESERVATIONS OF FUND BALANCE**

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

The changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000 were as follows:

	Textbooks	Capital Improvements	Budget Stabilization	Total
Balance June 30, 1999			\$126,809	\$126,809
Current Year Set Aside Requirement	\$232,335	\$232,335	77,445	542,115
Qualifying Expenditures	(232,335)	(232,335)		(464,670)
Additional Budget Stabilization Contributions			182,971	182,971
Balance June 30, 2000			<u>\$387,225</u>	<u>\$387,225</u>

Amounts of qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional qualifying expenditures during

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, customer service, and adult education. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Vanguard-Sentinel Career Centers as of and for the fiscal year ended June 30, 2000:

	Food Service	Uniform School Supply	Customer Service	Adult Education	Total
Operating Revenues	\$71,302	\$44,561	\$108,809	\$332,041	\$556,713
Operating Expenses					
less Depreciation	112,433	45,866	93,394	612,800	864,493
Depreciation Expense	4,074		44	4,243	8,361
Operating Income (Loss)	(45,205)	(1,305)	15,371	(285,002)	(316,141)
Donated Commodities	10,537				10,537
Federal and State Subsidies	30,763			269,777	300,540
Interest	2,322				2,322
Gain on Sale of Fixed Assets				2,563	2,563
Loss on Sale of Fixed Assets	(83)				(83)
Net Income (Loss)	(1,666)	(1,305)	15,371	(12,662)	(262)
Contributed Capital				2,300	2,300
Fixed Asset Additions			529	5,373	5,902
Fixed Asset Reductions	7,500			14,164	21,664
Net Working Capital	36,775	11,768	92,988	30,083	171,614
Total Assets	67,842	14,399	93,473	86,057	261,771
Total Equity	46,577	11,768	93,473	15,310	167,128

**NOTE 17 - JOINTLY GOVERNED ORGANIZATION**

**Northern Ohio Educational Computer Association**

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

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

**NOTE 18 - GROUP PURCHASING POOL**

**San-Ott Schools Employee Welfare Benefit Association**

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

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

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

**NOTE 19 – STATE SCHOOL FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$6,261,085 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled. " The Court's majority



**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major area warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**NOTE 20 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

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**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
(NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Project/ Contract Number	Receipts	Non-cash Receipts	Disburse- ments	Non-cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Direct Program:</i>						
Pell Grant Program	84.063		63,088		63,088	
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	84.002	051458-AB-S1-99 051458-BA-S1-99C 051458-AB-S1-2000	28,048 10,937 69,000		16,023 10,937 69,000	
			107,985		95,960	
Migrant Education - Basic State Grant Program	84.011	051458-MG-S1-99P 051458-MG-S1-00P	8,281 42,000		48,064	
			50,281		48,064	
Vocational Education - Basic Grants to State	84.048	051458-20-C1-00099 051458-20-C2-00099 051458-20-C1-00000 051458-20-C2-00000	50,239 6,020 312,063 31,132		18,356 5,750 323,028 34,407	
			385,737		381,541	
Eisenhower Professional Development State Grants	84.281	051458-MS-S1-99 051458-MS-S1-00	2,761		2,634	
			2,761		2,761	
Innovative Education Strategies Programs	84.298	051458-C2-S1-99 051458-C2-S1-99C 051458-C2-S1-2000	720 1,667		4,081 720	
			2,387		5,556	
			2,387		10,357	
Total Department of Education			549,151		541,317	
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through Ohio Department of Education:</i>						
Family Support Act-JOBS	93.561	051458-JB-S1-96 051458-JB-S1-97 051458-JB-S1-98			71 4,050 462	
					4,583	
Total Department of Health and Human Services					4,583	
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
<u>Child Nutrition Cluster</u>						
Food Distribution National School Lunch Program	10.550 10.555	051458-03-PU-0000 051458-04-PU-0000	6,359 22,716	9,398	6,359 22,716	10,538
			29,075	9,398	29,075	10,538
Total Child Nutrition Cluster			29,075	9,398	29,075	10,538
Total Federal Awards Receipts and Expe			<b>641,314</b>	<b>9,398</b>	<b>638,063</b>	<b>10,538</b>

*The accompanying notes are an integral part of this schedule.*

**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

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



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

Vanguard-Sentinel Career Centers  
Sandusky County  
1306 Cedar Street  
Fremont, Ohio 43420-1197

To the Board of Education:

We have audited the financial statements of Vanguard-Sentinel Career Centers, Sandusky County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 11, 2000.

Vanguard-Sentinel Career Centers  
Sandusky County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 11, 2000



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

Vanguard-Sentinel Career Centers  
Sandusky County  
1306 Cedar Street  
Fremont, Ohio 43420-1197

To the Board of Education:

**Compliance**

We have audited the compliance of Vanguard-Sentinel Career Centers, Sandusky County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 11, 2000



**VANGUARD-SENTINEL CAREER CENTERS  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

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

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

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**VANGUARD-SENTINEL CAREER CENTERS**

**SANDUSKY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 28, 2000**