



Dave Yost • Auditor of State

VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio, (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof, and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipt and expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards receipt and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 20, 2012

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of Vanguard-Sentinel Career Centers' (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- Net assets increased \$1,882,099, which represents a 4.22% increase from 2010.
- General revenues accounted for \$12,665,573, or 77.91% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions account for \$3,590,359 or 22.09% of the total revenues of \$16,255,932.
- The District had \$14,373,833 in expenses related to governmental activities: only \$3,590,359 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,665,573 were adequate to provide for these programs resulting in an increase to net assets from \$44,622,200 to \$46,504,299.
- The District's major governmental funds are the General Fund, Permanent Improvement Fund, and Classroom Facilities Fund. The General Fund had \$14,604,753 in revenues and \$13,805,291 in expenditures and other financing uses. The General Fund's balance increased from \$5,211,079 to \$6,010,541.
- The Permanent Improvement Fund had \$1,107,539 in revenue and other financing sources and expenditures of \$339,949. The Permanent Improvement Fund's balance increased from \$9,075,754 to \$9,843,344.
- The Classroom Facilities Fund had \$9,126,516 in revenue and expenditures of \$4,664,224. The Classroom Facilities Fund's balance increased from \$8,913,407 to \$13,375,699.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Vanguard-Sentinel Career Centers as a financial whole, or as an entire operating entity.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in a single column. For Vanguard-Sentinel Career Centers, the General Fund, Permanent Improvement Fund, and Classroom Facilities Fund are the most significant funds.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets and the Statement of Activities reflect how the District did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the District discloses a single type of activity:

Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, food service operations, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, Permanent Improvement Fund, and Classroom Facilities Fund.

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Report the District's Fiduciary Responsibilities

The District is the fiduciary, for various student managed activity programs, listed as agency. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

The District as a Whole

The Statement of Net Assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2011 compared to 2010.

	Governmental Activities 2011	Governmental Activities 2010
<u>Assets</u>		
Current assets	\$45,027,037	\$46,215,491
Capital assets	13,509,052	9,492,699
	58,536,089	55,708,190
<u>Liabilities</u>		
Current liabilities	5,570,726	4,259,110
Long-term liabilities	6,461,064	6,826,880
	12,031,790	11,085,990
<u>Net Assets</u>		
Invested in capital assets, net of debt	12,760,598	9,351,407
Restricted	27,951,404	27,198,550
Unrestricted	5,792,297	8,072,243
	\$46,504,299	\$44,622,200

Total assets increased \$2,827,899. The majority of the increase was attributable to the District's participation with the Ohio School Facilities Commission for the construction and renovation of the District's buildings.

Total liabilities increased \$945,800. The majority of the change was due to the District owing contractors for work completed.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

The table below shows the changes in net assets for the fiscal year 2011 compared to 2010.

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$1,207,109	\$1,205,333
Operating grants and contributions	2,383,250	2,351,371
General revenues:		
Property taxes	4,274,347	4,605,934
Grants and entitlements unrestricted	7,926,768	7,849,372
Grants and entitlements restricted		18,968,885
Investment earnings	322,051	368,036
Miscellaneous	142,407	120,812
Total revenues	<u>16,255,932</u>	<u>35,469,743</u>
<u>Expenses</u>		
Program Expenses:		
Instruction:		
Regular	148,967	142,817
Special	114,889	136,138
Vocational	8,901,482	9,133,050
Adult/Continuing	617,358	573,857
Support Services:		
Pupils	585,731	615,524
Instructional Staff	802,857	776,627
Board of Education	96,259	88,824
Administration	794,859	791,016
Fiscal	512,235	499,499
Operations and Maintenance	1,357,723	1,518,889
Pupil Transportation	73,109	75,585
Non Instructional Services	236	405
Food Service Operations	177,293	169,016
Extracurricular Activities	8,736	8,642
Interest and Fiscal Charges	115,676	
Depreciation – Unallocated	66,423	66,423
Total expenses	<u>14,373,833</u>	<u>14,596,312</u>
Changes in net assets	<u>1,882,099</u>	<u>20,873,431</u>
Ending net assets	<u>\$46,504,299</u>	<u>\$44,622,200</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Governmental Activities

Net assets of the District's governmental activities increased by \$1,882,099. Total governmental expenses of \$14,373,833 were primarily offset by program revenues of \$3,590,359 and general revenues of \$12,665,573. Program revenues supported 24.98% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 75.06% of total governmental revenue. Property taxes support 29.74% of total expenses while unrestricted grants and entitlements supported 55.15% of total expenses. Between these two revenue items, 84.89% of total governmental expenditures were funded.

The largest expense of the District is for vocational programs. Vocational instruction expenses totaled \$8,901,482 or 61.93% of total governmental expenses for fiscal year 2011.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2011 and 2010. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Program expenses:				
Instruction:				
Regular	\$148,967	\$148,967	\$142,817	\$142,817
Special	114,889	114,889	136,138	136,138
Vocational	8,901,482	6,569,006	9,133,050	6,829,538
Adult/Continuing	617,358	(52,339)	573,857	(62,205)
Support services:				
Pupil	585,731	496,723	615,524	522,122
Instructional staff	802,857	639,433	776,627	604,194
Board of Education	96,259	96,259	88,824	88,824
Administration	794,859	769,991	791,016	761,351
Fiscal	512,235	512,235	499,499	499,499
Operations and maintenance of plant	1,357,723	1,256,898	1,518,889	1,408,664
Pupil transportation	73,109	73,109	75,585	75,585
Non-instructional Services	236	236	405	405
Food Service Operations	177,293	(32,768)	169,016	(42,389)
Extracurricular activities	8,736	8,736	8,642	8,642
Interest and Fiscal Charges	115,676	115,676		
Depreciation – Unallocated	66,423	66,423	66,423	66,423
Total expenses	\$14,373,833	\$10,783,474	\$14,596,312	\$11,039,608

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent as 69.31% of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 75.02%.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues and other financing sources of \$26,791,836 and expenditures and other financing uses of \$20,261,102. The governmental fund balance increased by \$6,530,734 for the year as a result of receiving money for Ohio School Facilities Construction project. The schedule below indicates the fund balance by fund type as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Fund Balance June 30, 2010
General Fund	\$6,010,541	\$5,211,079
Permanent Improvement	9,843,344	9,075,754
Classroom Facilities	13,375,699	8,913,407
All Other Governmental	1,057,060	555,670
Total	\$30,286,644	\$23,755,910

The General Fund's balance increased as a result of expenditures decreasing. The Permanent Improvement Fund reflected an increase as a result of a transfer from the General fund. The Classroom Facilities Fund increased as a result of the payments received from the State.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the District amended its General Fund budget as needed. Final budgeted revenues and other financing sources were \$14,344,671 and original budgeted revenues and other financing sources were \$14,259,536. Actual revenues and other financing sources were \$14,510,497.

Final expenditures and other financing uses were budgeted at \$14,785,889 while actual expenditures and other financing uses were \$14,638,032. The \$147,857 difference primarily comes from only spending 99.00% of the appropriated amount. Original appropriations amounted to \$14,785,885.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the District had \$13,509,052 invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of \$4,016,353, or 42.31%. The primary increase in capital assets for governmental activities was the result of construction in progress.

Debt

At June 30, 2011, the District had \$5,450,000 in outstanding debt. The debt is a result of issuing Qualified School Construction Bonds (QSCB) to finance a portion of the District's local share of its Ohio School Facilities Commission project. Of this total, \$345,000 is due within one year and \$5,105,000 is due in more than one year.

Current Issues

Vanguard-Sentinel Career Centers remain stable in the state of uncertainty in State funding. The District is primarily a residential/farming community covering nine counties.

Over the past several years, the District has maintained a good financial position. The District has not been on the ballot since 1970 for operating funds. The current five-year forecast indicates the District will not have to request operating funds.

The District's labor contract with its certified employees ended June 30, 2011 and a new agreement has not been reached.

The District was approved for an Ohio School Facilities construction and renovation project on July 27, 2009. The project's total budget is \$30,536,509 of which the state share is \$18,968,885 and the local share is \$11,567,624.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jay T. Valasek, Treasurer, Vanguard-Sentinel Career Centers, 1306 Cedar Street, Fremont, Ohio 43420-1197.

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**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Net Assets
June 30, 2011**

	<u>Governmental Activities</u>
<u>Assets:</u>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 31,309,809
Inventory Held for Resale	7,938
Materials and Supplies Inventory	10,251
Accrued Interest Receivable	272,279
Accounts Receivable	69,502
Intergovernmental Receivable	8,916,737
Prepaid Items	100,851
Property and Other Local Taxes Receivable	4,253,747
Unamortized Issuance Costs	85,923
Noncurrent Assets:	
Non-Depreciable Capital Assets	795,737
Construction in Progress	5,225,374
Depreciable Capital Assets, net	<u>7,487,941</u>
 Total Assets	 <u><u>58,536,089</u></u>
 <u>Liabilities:</u>	
Current Liabilities:	
Accounts Payable	1,762,998
Accrued Wages and Benefits	1,197,042
Deferred Revenue	2,610,686
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	465,695
Due in More Than One Year	<u>5,995,369</u>
 Total Liabilities	 <u><u>12,031,790</u></u>
 <u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	12,760,598
Restricted for Capital Outlay	27,788,043
Restricted for Other Purposes	55,852
Restricted for Expendable Trust	107,509
Unrestricted	<u>5,792,297</u>
 Total Net Assets	 <u><u>\$ 46,504,299</u></u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Activities
For the Fiscal Year Ended June 30, 2011**

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions		Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 148,967			\$ (148,967)
Special	114,889			(114,889)
Vocational	8,901,482	\$ 554,846	\$ 1,777,630	(6,569,006)
Adult/Continuing	617,358	465,944	203,753	52,339
Support Services:				
Pupils	585,731		89,008	(496,723)
Instructional Staff	802,857		163,424	(639,433)
Board of Education	96,259			(96,259)
Administration	794,859		24,868	(769,991)
Fiscal	512,235			(512,235)
Operation and Maintenance of Plant	1,357,723	100,825		(1,256,898)
Pupil Transportation	73,109			(73,109)
Operation of non-instructional services	236			(236)
Food Service Operations	177,293	85,494	124,567	32,768
Extracurricular Activities	8,736			(8,736)
Interest and Fiscal Charges	115,676			(115,676)
Depreciation - Unallocated	66,423			(66,423)
<i>Total Governmental Activities</i>	<u>\$ 14,373,833</u>	<u>\$ 1,207,109</u>	<u>\$ 2,383,250</u>	<u>(10,783,474)</u>
General Revenues:				
Property taxes, levied for general purposes				4,274,347
Grants and Entitlements not Restricted to Specific Programs				7,926,768
Investment Earnings				322,051
Miscellaneous				142,407
Total General Revenues				<u>12,665,573</u>
Change in Net Assets				1,882,099
Net Assets Beginning of Year				<u>44,622,200</u>
Net Assets End of Year				<u>\$ 46,504,299</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Balance Sheet
Governmental Funds
June 30, 2011**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$ 5,370,027	\$ 9,757,421	\$ 14,976,139	\$ 1,149,939	\$ 31,253,526
Cash and Cash Equivalents in Segregated Accounts	431				431
Inventory Held for Resale				7,938	7,938
Materials and Supplies Inventory				10,251	10,251
Accrued Interest Receivable	177,732		94,547		272,279
Accounts Receivable	61,182			8,320	69,502
Interfund Receivable	46,000				46,000
Intergovernmental Receivable			8,861,225	55,512	8,916,737
Prepaid Items	95,669			5,182	100,851
Property and Other Local Taxes Receivable	4,253,747				4,253,747
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	55,852				55,852
Deferred Charges		85,923			85,923
Total Assets	<u>10,060,640</u>	<u>9,843,344</u>	<u>23,931,911</u>	<u>1,237,142</u>	<u>45,073,037</u>
LIABILITIES:					
Current Liabilities:					
Accounts Payable	61,588		1,694,987	6,423	1,762,998
Accrued Wages and Benefits	1,125,230			71,812	1,197,042
Interfund Payable				46,000	46,000
Deferred Revenue	2,863,281		8,861,225	55,847	11,780,353
Total Liabilities	<u>4,050,099</u>		<u>10,556,212</u>	<u>180,082</u>	<u>14,786,393</u>
FUND BALANCES:					
Nonspendable:					
Materials and supplies inventory				18,189	18,189
Prepaid Items	95,669			5,182	100,851
Restricted for:					
Food service operations				92,668	92,668
Vocational instruction				279,977	279,977
Adult instruction				287,119	287,119
Staff support				4	4
Facilities maintenance				409,321	409,321
Building construction		3,199,882	13,375,699		16,575,581
Budget stabilization	55,852				55,852
Committed to:					
Budget stabilization	560,058				560,058
Assigned to:					
Debt Service		5,450,000			5,450,000
Permanent improvement		1,193,462			1,193,462
Unassigned	5,298,962			(35,400)	5,263,562
Total Fund Balances	<u>6,010,541</u>	<u>9,843,344</u>	<u>13,375,699</u>	<u>1,057,060</u>	<u>30,286,644</u>
Total Liabilities and Fund Balances	<u>\$ 10,060,640</u>	<u>\$ 9,843,344</u>	<u>\$ 23,931,911</u>	<u>\$ 1,237,142</u>	<u>\$ 45,073,037</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2011**

Total Governmental Fund Balances \$ 30,286,644

Amounts reported for governmental activities on the statement of net assets are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. 13,509,052

Other long-term assets are not available to pay for current period expenditures and, therefore, deferred in the funds:

Intergovernmental Receivable	\$ 8,913,722	
Property Taxes Receivable	252,595	
Tuition and Fees	<u>3,350</u>	
		9,169,667

Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:

Qualified School Construction Bonds	(5,450,000)	
Compensated Absences Payable	<u>(1,011,064)</u>	
		<u>(6,461,064)</u>

Net Assets of Governmental Activities \$ 46,504,299

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property and Other Local Taxes	\$ 4,250,937				\$ 4,250,937
Intergovernmental	9,509,983		\$ 9,031,265	\$ 815,365	19,356,613
Interest	226,800		95,251	176	322,227
Tuition and Fees	106,366			491,622	597,988
Rent	107,652	\$ 12,083			119,735
Gifts and Donations	16,335				16,335
Customer Sales and Services				225,428	225,428
Miscellaneous	386,680			10,793	397,473
Total Revenues	14,604,753	12,083	9,126,516	1,543,384	25,286,736
Expenditures:					
Current:					
Instruction:					
Regular	149,018				149,018
Special	134,826				134,826
Vocational	7,990,930			387,781	8,378,711
Adult/Continuing				615,003	615,003
Support Services:					
Pupils	495,011			89,064	584,075
Instructional Staff	657,243			160,026	817,269
Board of Education	95,192				95,192
Administration	752,665			24,868	777,533
Fiscal	499,531				499,531
Operation and Maintenance of Plant	1,336,521				1,336,521
Operation of Non-Instructional Services				236	236
Pupil Transportation	70,979				70,979
Food Service Operations				174,660	174,660
Extracurricular Activities	8,736				8,736
Facilities Acquisition and Construction			4,664,224		4,664,224
Debt Service:					
Principal Retirement		333,812			333,812
Interest and fiscal charges	109,539	6,137			115,676
Total Expenditures	12,300,191	339,949	4,664,224	1,451,638	18,756,002
Excess of Revenues Over/(Under) Expenditures	2,304,562	(327,866)	4,462,292	91,746	6,530,734
Other Financing Sources (Uses)					
Transfers In		1,095,456		409,644	1,505,100
Transfers Out	(1,505,100)				(1,505,100)
Total Other Financing Sources and Uses	(1,505,100)	1,095,456		409,644	
Net Change in Fund Balances	799,462	767,590	4,462,292	501,390	6,530,734
Fund Balance at Beginning of Year (Restated)	5,211,079	9,075,754	8,913,407	555,670	23,755,910
Fund Balance at End of Year	\$ 6,010,541	\$ 9,843,344	\$ 13,375,699	\$ 1,057,060	\$ 30,286,644

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$ 6,530,734

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

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

Capital Outlay - Capital Assets	\$ 4,677,394	
Depreciation	(661,041)	
		4,016,353

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

Property Taxes	23,410	
Intergovernmental	(9,057,564)	
Tuition and Fees	3,350	
		(9,030,804)

Repayment of principal is an expenditure in the government funds, but the repayment reduces long-term liabilities on the statement of net assets 333,812

Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

Decrease in Compensated Absences Payable		32,004

Change in Net Assets of Governmental Activities \$ 1,882,099

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual Comparison
General Fund
For the Fiscal Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 3,960,736	\$ 3,964,236	\$ 3,996,330	\$ 32,094
Intergovernmental	9,494,073	9,494,073	9,509,983	15,910
Interest	175,000	175,000	207,060	32,060
Tuition and Fees	85,806	85,806	106,366	20,560
Rent	100,421	100,421	107,652	7,231
Miscellaneous	373,000	454,635	512,606	57,971
Total Revenues	14,189,036	14,274,171	14,439,997	165,826
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	152,971	147,187	147,030	157
Special	137,011	150,135	149,711	424
Vocational	8,679,208	8,673,304	8,589,424	83,880
Support Services:				
Pupils	511,559	503,123	497,772	5,351
Instructional Staff	719,943	678,466	677,132	1,334
Board of Education	102,828	111,204	109,754	1,450
Administration	784,702	756,116	750,197	5,919
Fiscal	509,004	499,566	497,752	1,814
Operation and Maintenance of Plant	1,645,742	1,510,621	1,471,568	39,053
Pupil Transportation	86,316	86,647	78,317	8,330
Extracurricular Activities	10,000	8,736	8,736	
Debt Service:				
Interest	110,280	109,684	109,539	145
Total Expenditures	13,449,564	13,234,789	13,086,932	147,857
Excess of Revenues Over Expenditures	739,472	1,039,382	1,353,065	313,683
<u>Other Financing Sources (Uses)</u>				
Advances In	70,500	70,500	70,500	
Transfers Out	(1,236,321)	(1,505,100)	(1,505,100)	
Advances Out	(100,000)	(46,000)	(46,000)	
Total Other Financing Sources and Uses	(1,265,821)	(1,480,600)	(1,480,600)	
Net Change in Fund Balances	(526,349)	(441,218)	(127,535)	313,683
Fund Balance at Beginning of Year	4,312,145	4,312,145	4,312,145	
Prior Year Encumbrances Appropriated	441,232	441,232	441,232	
Fund Balance at End of Year	\$ 4,227,028	\$ 4,312,159	\$ 4,625,842	\$ 313,683

See accompanying notes to basic financial statements

VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY

Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2011

	<u>Agency Fund</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$ 54,212
Accounts Receivable	<u>95</u>
Total Assets	<u>54,307</u>
<u>Liabilities:</u>	
Accounts Payable	3,160
Due to Students	<u>51,147</u>
Total Liabilities	<u>\$ 54,307</u>

See accompanying notes to basic financial statements

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Vanguard-Sentinel Career Centers (the District) 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. The District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The District operates under an appointed Board of Education consisting of 15 members. Each participating exempted village, local and city school district with the exception of Fremont City School District has one representative on the Board of Education; Fremont City School District has two representatives on the Board. The District provides educational services as authorized by State statute and/or Federal guidelines.

The 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 District serves an area of approximately 1600 square miles with an enrollment of 1,095 students. The District employed 11 administrative and supervisory personnel, 95 certificated employees and 31 non-certificated employees.

Reporting Entity

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

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

The District is associated with certain organizations which are defined as two jointly governed organizations and two group purchasing pools. These organizations include the Northern Ohio Educational Computer Association, Cisco Academy of Northwest Ohio, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and San-Ott Schools Employee Welfare Benefit Association. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds.

The Statement of Net Assets presents the financial condition of the governmental activities of the District at fiscal year end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are reported in two categories: governmental and fiduciary.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Governmental Funds

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

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

Permanent Improvement Fund - The Permanent Improvement Fund accounts for resources transferred from the General Fund to be used for acquisition, construction, or improvement of capital facilities.

Classroom Facilities Fund – The Classroom Facilities Fund is used to account for financial resources and expenditures related to the school facilities construction and renovation project.

The other governmental funds of the District account for grants and other resources whose uses are restricted to a particular purpose.

Fiduciary Funds

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, charges for services, and rent.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there was an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level within each fund. Any budgetary modifications at this level may only be made by the Board of Education. Budgetary allocations at the function level within a fund are made by the District Treasurer.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2011, investments were limited to nonnegotiable certificates of deposit and STAR Ohio. Nonnegotiable certificates of deposit are valued at cost. 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, 2011.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011, was \$226,800 which includes \$161,183 assigned from other funds.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost, which is determined on a first-in, first-out basis. Inventory is recorded as an expenditure/expense when used.

Inventory consists of resale supplies and donated and purchased food.

I. 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.

J. Capital Assets

All of the District's capital assets are general capital assets resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The District maintains a capitalization threshold of two thousand dollars. The District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

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

Description	Useful Lives
Buildings and Building Improvements	40 years
Furniture, Fixtures, and Equipment	5 - 15 years
Vehicles	5 years

K. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as “Interfund Receivables/Payables”. Interfund balances within governmental activities are eliminated on the government-wide statement of net assets.

L. 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 the District will compensate the employees for the benefits through time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 District’s termination policy. The District records a liability for accumulated unused sick leave for all employees with at least twenty years of service or with any amount of service and at least forty-five years of age.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Accrued Wages and Benefits” in the fund from which the employees who have accumulated unpaid leave are paid.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the fund financial statements when due.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Net Assets

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

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2011, none of the Districts' net assets were restricted by enabling legislation in the Statement of Net Assets.

O. Fund Balance

The District reports classifications of fund balance based on the purpose for which resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable - resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have purpose constraints placed upon them by laws, regulations, creditors, grantors, or other external parties are considered available only for the purpose for which they were received.

Committed - resources that are constrained for specific purposes that are internally imposed by the Career Center at its highest level of decision making authority, the Board of Education. With an affirmative vote of its members, the Board of Education may create funds for which resources are committed to the established purpose of that fund.

Assigned - resources that are intended to be used for specific purposes as approved through the Career Center's formal purchasing procedure by the Treasurer. Through the Career Center's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Career Center applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The Career Center considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classification could be used.

P. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

R. 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.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

B. Fund Reclassifications

Fund reclassifications are required in order to report funds in accordance with GASB Statement No. 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE - (CONTINUED)

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund balance as previously reported	\$ 5,158,112	\$ 9,075,754	\$ 8,913,407	\$ 608,637	\$ 23,755,910
Fund reclassification:					
Public school support fund	<u>52,967</u>			<u>(52,967)</u>	
Restated fund balance at July 1, 2010	<u>\$ 5,211,079</u>	<u>\$ 9,075,754</u>	<u>\$ 8,913,407</u>	<u>\$ 555,670</u>	<u>\$ 23,755,910</u>

The fund reclassifications did not have an effect on net assets as previously reported.

B. Compliance

At June 30, 2011, the following special revenue funds had a deficit fund balance resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

<u>Fund Name</u>	<u>Amount</u>
Adult Basic Literacy Education	\$7,155
Vocational Grants	28,245

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual Comparison for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (CONTINUED)

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

	Net Change in Fund Balance
GAAP Basis	\$799,462
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2010, Received in Cash FY 2011	1,487,525
Accrued FY 2011, Not Yet Received in Cash	(1,629,380)
Expenditure Accruals:	
Accrued FY 2010, Paid in Cash FY 2011	(1,153,282)
Accrued FY 2011, Not Yet Paid in Cash	1,090,906
Advances In	70,500
Advances Out	(46,000)
Funds budgeted elsewhere	(7,509)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(739,757)
Budget Basis	<u><u>(\$127,535)</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the Public School Support Fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

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 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 monies deposited with the institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio Local Governments;
5. Time certificates of deposit or savings deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies 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 District, and must be purchased with the expectation that it will be held to maturity.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the District had \$431 in change funds on hand which is included on the financial statements of the District as part of "Cash and Cash Equivalents in Segregated Accounts."

B. Deposits with Financial Institutions

At June 30, 2011, the carrying amount of the District's deposits was \$31,363,441. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$19,994,524 of the District's bank balance of \$32,621,965 was exposed to custodial risk as discussed below, while \$12,627,441 was covered by Federal Deposit Insurance Corporation.

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

C. Investments

As of June 30, 2011, the District had the following investment and maturity:

Investment type	Balance at Fair Value	Maturity 6 months or less
STAR Ohio	\$149	\$149

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

Credit Risk: Standard & Poor has assigned STAR Ohio an AAA money market rating.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of total of each investment type held by the District at June 30, 2011:

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS – (CONTINUED)

Investment type	Fair Value	% to Total
STAR Ohio	\$149	100.00%

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the Statement of Net Assets as of June 30, 2011:

Cash and Investments per footnote

Carrying amount of deposits	\$31,363,441
Investments	149
Cash on hand	431
Total	<u>\$31,364,021</u>

Cash and Investments per Statement of Net Assets

Governmental Activities	\$31,309,809
Agency Funds	54,212
Total	<u>\$31,364,021</u>

NOTE 6 – RECEIVABLES

Receivables at June 30, 2011, consisted of accounts (rent and billings for user charged services), intergovernmental, property and other local taxes, interfund, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. All receivables are considered collectible within one year. A summary of the items of receivables reported on the Statement of Net Assets follows:

Governmental Activities:	
Property Taxes	\$4,253,747
Accounts	69,502
Accrued Interest	272,279
Intergovernmental	<u>8,916,737</u>
Total	<u>\$13,512,265</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 6 – RECEIVABLES – (CONTINUED)

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

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of December 31, 2010, the lien date. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2010 taxes, levied against local and interexchange telephone companies. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from nine counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011, and for which there was an enforceable legal claim. 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 fiscal year operations and is reflected as revenue at fiscal year end. The receivable is 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, 2011, was \$1,390,466 in the General Fund. The amount available as an advance at June 30, 2010, was \$1,135,859, in the General Fund.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 7 - PROPERTY TAXES - (CONTINUED)

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

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$2,694,460,280	95.68%	\$2,712,351,660	95.68%
Public Utility	120,760,140	4.29%	122,493,520	4.32%
Tangible Personal	768,130	.03%		
Total Assessed Value	<u>\$2,815,988,550</u>	<u>100.00%</u>	<u>\$2,834,845,180</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$1.60		\$1.60	

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance at 7/01/10	Additions	Reductions	Balance at 6/30/11
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$795,737			\$795,737
Construction in Progress	566,423	\$4,658,951		5,225,374
Total Nondepreciable Capital Assets	1,362,160	4,658,951		6,021,111
Depreciable Capital Assets				
Buildings and Building Improvements	16,063,205			16,063,205
Furniture, Fixtures, and Equipment	4,236,553	18,443	\$(32,685)	4,222,311
Vehicles	556,757			556,757
Total Depreciable Capital Assets	20,856,515	18,443	(32,685)	20,842,273
Less Accumulated Depreciation				
Buildings and Building Improvements	(8,960,281)	(324,568)		(9,284,849)
Furniture, Fixtures, and Equipment	(3,230,958)	(319,260)	32,685	(3,517,533)
Vehicles	(534,737)	(17,213)		(551,950)
Total Accumulated Depreciation	(12,725,976)	(661,041)	\$32,685	(13,354,332)
Depreciable Capital Assets, Net	8,130,539	(642,598)		7,487,941
Governmental Activities Capital Assets, Net	<u>\$9,492,699</u>	<u>\$4,016,353</u>		<u>\$13,509,052</u>

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 8 - CAPITAL ASSETS - (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$519,299
Adult	9,861
Support Services:	
Pupils	7,067
Administration	15,498
Fiscal	11,793
Operation and Maintenance of Plant	25,634
Pupil Transportation	2,150
Food Service Operations	3,316
Unallocated	66,423
Total Depreciation Expense	\$661,041

NOTE 9 - INTERFUND ASSETS/LIABILITIES

At June 30, 2011, the General Fund had an interfund receivable, in the amount of \$46,000. Adult Basic Literacy Education, Vocational Education Planning District, Improving Teacher Quality, and Uniform School Supply special revenue funds had interfund payables, in the amount of \$8,000, \$22,000, \$1,000, and \$15,000, respectively, resulting from the provision of cash flow resources from the General Fund until the receipt of grant monies or student payments by the special revenue funds.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District contracted for the following insurance coverage:

Coverage provided by Governmental Underwriters of America, Inc.

Buildings and Contents - replacement cost (\$1,000 deductible)	\$61,190,980
<u>Commercial Auto Coverage</u>	
Liability	1,000,000
Uninsured/Underinsured Motorist	1,000,000
Medical Payments	5,000

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 10 - RISK MANAGEMENT – (CONTINUED)

General Liability

Bodily Injury and Property Damage	3,000,000
Products/Completed Operations	3,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence Limit	1,000,000
Damage to Premises Rented to You	500,000
Employers Benefits	Included

Educators' Legal Liability

Each Wrongful Act	1,000,000
Annual Aggregate	3,000,000
Excess Liability Each Occurrence/Annual Aggregate	4,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2011, the District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the state based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm CompManagement, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund,

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)

Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were \$170,109, \$175,477, and \$123,429, respectively; which equaled the required contributions each year.

B. State Teachers Retirement System

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strs.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan or a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009, were \$883,552, \$906,072, and \$907,950, respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$29,110 made by the District and \$20,793 made by the plan members.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2011, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$42,203, \$27,051, and \$76,976, respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$10,947, \$10,435, and \$10,184, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (CONTINUED)

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009, were \$67,965, \$69,698, and \$69,842, respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred eighty-five days for teachers and two hundred forty days for classified and administrative personnel. Upon retirement, payment is made for twenty-eight percent (28%) of the value of employee's accrued but unused sick leave days. Employees must have seven years of service in the District.

B. Health Care Benefits

The District provides medical, prescription drug, dental, and life insurance benefits to all employees through the San-Ott Schools Employee Welfare Benefit Association.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during fiscal year 2011 were as follows:

	Balance at 7/01/10	Additions	Reductions	Balance at 6/30/11	Amounts Due Within One Year
Governmental Activities					
General Long-Term Obligations					
FY 2010 Certificates of Participation	\$5,783,812		(\$333,812)	\$5,450,000	\$345,000
Compensated Absences Payable	1,043,068		(32,004)	1,011,064	120,695
Total Governmental Activities Long-Term Obligations	<u>\$6,826,880</u>		<u>(\$365,816)</u>	<u>\$6,461,064</u>	<u>\$465,695</u>

FY 2010 Certificates of Participation – On December 18, 2009, the District issued certificates of participation in the amount of \$5,783,812, to construct and renovate buildings. The Debt was issued in accordance with the American Recovery and Reinvestment Act of 2009, which provides for federal tax credits for the holders of debt in lieu of interest payments. This reduces the issuers cost of borrowing. This debt was issued for a fifteen year period, with final maturity during fiscal year 2025. The debt will be retired through the Permanent Improvement capital project fund. As of June 30, 2011 there were unspent proceeds, in the amount of \$4,701,546.

The debt maturing on December 16, 2024 is subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal and interest amounts as follows:

Principal and interest requirements to retire the general obligation debt outstanding at June 30, 2011, were as follows:

Fiscal Year	Principal	Interest	Total
2012	\$345,000	\$102,911	\$447,911
2013	350,000	96,135	446,135
2014	355,000	89,261	444,261
2015	365,000	82,241	447,241
2016	370,000	75,075	445,075
2017-2021	1,955,000	263,494	2,218,494
2022-2025	1,710,000	67,471	1,777,471
	<u>\$5,450,000</u>	<u>\$776,588</u>	<u>\$6,226,588</u>

Compensated absences will be paid from the General Fund, Food Service, Adult Education, ABLE, and VEPD special revenue funds.

The District's overall debt margin was \$255,136,066 with an unvoted debt margin of \$2,834,845 at June 30, 2011.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 15 - SET ASIDES

The 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 fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2011.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2010			\$55,852
Current Year Set Aside Requirement	\$188,117	\$188,117	
Qualifying Expenditures	(\$188,117)	(\$188,117)	
Balance June 30, 2011	\$55,852	\$55,852	\$55,852
Amount Carried Forward to Fiscal Year 2012			\$55,852

NOTE 16 - INTERFUND TRANSFERS

During fiscal year 2011, the General Fund made transfers of \$1,095,456 to the Permanent Improvement Fund for future construction projects and \$409,644 to other governmental funds, \$323 to transfer interest earnings to trust funds and \$409,321 to the Maintenance Fund as required by the agreement signed with the Ohio School Facilities Commission.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Northern Ohio Educational Computer Association

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

The NOECA assembly consists of a superintendent from each participating school district and 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. During fiscal year 2011, the District contributed \$22,546 to NOECA. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS - (CONTINUED)

B. Cisco Academy of Northwest Ohio

The Cisco Academy of Northwest Ohio (the Academy) was established July 1, 1998, to foster cooperation toward joint training and other joint activities of mutual interest among certain educational entities located in Northwest Ohio. The Academy is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by representatives of the member educational entities. The Academy is governed by a management council consisting of a representative appointed from each participating member educational entity. During fiscal year 2011, the District did not contribute any funds to the Academy. The Board of Education of the Four County Career Center has been designated fiscal agent for the Academy. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

NOTE 18 - INSURANCE POOLS

A. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (GRP) was established as a group purchasing pool.

The Executive Director of OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. San-Ott Schools Employee Welfare Benefit Association

The 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 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 \$250,000 and aggregate claims in excess of 120 percent of expected claims.

NOTE 19 - CONTINGENCIES

A. Grants

The 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 are 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 District at June 30, 2011.

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

NOTE 19 - CONTINGENCIES - (CONTINUED)

B. Litigation

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

NOTE 20 – CONSTRUCTION COMMITMENTS

The District and the Ohio School Facilities Commission (OSFC) entered into a Master Facilities Plan that calls for the addition of approximately 69,000 square feet to the present Tech Center and the renovation of the present Tech Center and Sentinel Career Center. The OSFC currently estimates the total budget for the project is \$30,536,509. To date the District has expended approximately \$3,535,660 for related costs.

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**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<u>Nutrition Cluster:</u>			
National School Lunch Program			
Non-Cash Assistance (Food Distribution)	10.555	\$ 18,102	\$ 18,102
Cash Assistance		77,655	77,655
Total National School Lunch Program		<u>95,757</u>	<u>95,757</u>
School Breakfast Program	10.553	<u>26,050</u>	<u>26,050</u>
Total U.S. Department of Agriculture - Nutrition Cluster		<u>121,807</u>	<u>121,807</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program:</i>			
Federal Pell Grant Program	84.063	111,697	111,697
<i>Passed Through Ohio Department of Education:</i>			
Adult Education State Grant Program	84.002	112,729	119,463
Career and Technical Education - Basic Grants to States	84.048	325,693	312,325
Safe and Drug-Free Schools and Communities State Grants	84.186	355	
Improving Teacher Quality State Grants	84.367	<u>12,958</u>	<u>13,010</u>
Total U. S. Department of Education		<u>563,432</u>	<u>556,495</u>
Total Federal Awards Receipt and Expenditure Schedule		<u>\$ 685,239</u>	<u>\$ 678,302</u>

The accompanying notes are an integral part of this schedule.

**VANGUARD–SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipt and Expenditure Schedule (the Schedule) reports Vanguard-Sentinel Career Centers (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends Federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career Centers, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

Vanguard-Sentinel Career Centers
Sandusky County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

January 20, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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, Ohio (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 could directly and materially affect the District's major federal program for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Vanguard-Sentinel Career Centers complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

www.auditor.state.oh.us

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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

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

Dave Yost
Auditor of State

January 20, 2012

**VANGUARD-SENTINEL CAREER CENTERS
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Program:	CFDA #84.048 – Career and Technical Education – Basic Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Vanguard-Sentinel Career Centers (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the Board amended its anti-harassment policy at its meeting on August 18, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 20, 2012

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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
FEBRUARY 9, 2012**