



Dave Yost • Auditor of State



**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Washington County Career Center  
Washington County  
21740 State Route 676  
Marietta, Ohio 45750

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Career Center's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2012, and the respective changes in financial position, and where applicable, cash flows, 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 November 8, 2012, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 Career Center's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule (the Schedule) provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The 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

November 8, 2012

## Washington County Career Center, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2012*

Unaudited

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The discussion and analysis of the Washington County Career Center's (Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

### **Financial Highlights**

Key financial highlights for the fiscal year 2012 are as follows:

- In total, net assets increased \$108,914. Net assets of governmental activities increased \$95,692, while net assets of the business-type activity increased \$13,222 from 2011.
- General revenues accounted for \$5,575,978 in revenue or 82% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,260,701 or 18% of total revenues of \$6,836,679.
- Total program expenses were \$9,299,347; \$6,740,987 in governmental activities and \$2,558,360 in the business-type activity.

### **Using this Annual Financial Report**

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

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

### ***Reporting the Career Center as a Whole***

#### *Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the Career Center to provide programs and activities for students, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

## Washington County Career Center, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2012*

Unaudited

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

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

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

**Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The Career Center's adult education programs are reported as business-type activities.

### ***Reporting the Career Center's Most Significant Funds***

#### *Fund Financial Statements*

The analysis of the Career Center's major funds begins on page 9. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the General Fund.

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

***Proprietary Funds*** Proprietary funds use the same basis of accounting as business-type activities (food service); therefore, these statements will essentially match.



## Washington County Career Center, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2012*

Unaudited

### The Career Center as a Whole

Recall that the Statement of Net Assets provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net assets for 2012 compared to 2011.

(Table 1)  
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2012	2011	2012	2011	2012	2011
<b>Assets</b>						
Current and Other Assets	\$6,175,764	\$5,937,291	\$1,499,789	\$1,505,127	\$7,675,553	\$7,442,418
Capital Assets, Net	7,208,297	7,467,764	993,124	964,564	8,201,421	8,432,328
<i>Total Assets</i>	<u>13,384,061</u>	<u>13,405,055</u>	<u>2,492,913</u>	<u>2,469,691</u>	<u>15,876,974</u>	<u>15,874,746</u>
<b>Liabilities</b>						
Current and Other Liabilities	2,545,474	2,566,755	96,304	107,792	2,641,778	2,674,547
Long-term Liabilities						
Due Within One Year	132,687	111,335	0	0	132,687	111,335
Due in More Than One Year	2,724,166	2,840,923	108,004	86,516	2,832,170	2,927,439
<i>Total Liabilities</i>	<u>5,402,327</u>	<u>5,519,013</u>	<u>204,308</u>	<u>194,308</u>	<u>5,606,635</u>	<u>5,713,321</u>
<b>Net Assets</b>						
Invested in Capital Assets,						
Net of Related Debt	4,863,816	5,015,039	993,124	964,564	5,856,940	5,979,603
Restricted	469,134	317,719	0	0	469,134	317,719
Unrestricted	2,648,784	2,553,284	1,295,481	1,310,819	3,944,265	3,864,103
<i>Total Net Assets</i>	<u>\$7,981,734</u>	<u>\$7,886,042</u>	<u>\$2,288,605</u>	<u>\$2,275,383</u>	<u>\$10,270,339</u>	<u>\$10,161,425</u>

Total assets decreased \$2,228, with governmental assets decreasing \$20,994 and business-type assets increasing \$23,222. For governmental activities, cash decreased \$165,723. Capital assets and property taxes receivables decreased \$259,467 and \$18,896, respectively. Decreases were offset by a \$29,186 increase in intergovernmental receivables and an increase in investments of \$72,001. Cash in the business-type activity decreased \$2,140. Accounts receivables for tuition decreased \$19,459. The decrease was mainly due to collecting tuition in a timely manner and also the decrease in enrollment compared to the prior year.

Total liabilities decreased \$106,686, with governmental liabilities decreasing \$116,686 and business-type liabilities increasing \$10,000. For the governmental funds, intergovernmental payables decreased \$5,803. Long-term liabilities decreased \$95,405, reflecting payments on debt. For the business-type activity, the decrease in liabilities is mainly due to accrued wages and benefits payable and vacation benefits payable increasing \$18,011 and \$10,476, respectively. These decreases were offset by an increase in accounts payable of \$16,367.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2012, compared to changes in net assets for the fiscal year ended June 30, 2011.

## Washington County Career Center, Ohio

### Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

(Table 2)

#### Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activity			
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for Services	\$154,112	\$135,545	\$2,201,049	\$2,800,688	\$2,355,161	\$2,936,233
Operating Grants, Contributions and Interest	1,104,789	1,270,591	359,725	373,180	1,464,514	1,643,771
Capital Grants	1,800	2,275	0	0	1,800	2,275
<b>Total Program Revenues</b>	<b>1,260,701</b>	<b>1,408,411</b>	<b>2,560,774</b>	<b>3,173,868</b>	<b>3,821,475</b>	<b>4,582,279</b>
<b>General Revenues</b>						
Property Taxes	1,893,866	1,804,896	0	0	1,893,866	1,804,896
Grants and Entitlements	3,450,562	3,656,735	0	0	3,450,562	3,656,735
Payments in Lieu of Taxes	50,603	16,868	0	0	50,603	16,868
Interest	161,704	146,634	0	0	161,704	146,634
Miscellaneous	19,243	46,344	10,808	6,113	30,051	52,457
<b>Total General Revenues</b>	<b>5,575,978</b>	<b>5,671,477</b>	<b>10,808</b>	<b>6,113</b>	<b>5,586,786</b>	<b>5,677,590</b>
<b>Total Revenues</b>	<b>6,836,679</b>	<b>7,079,888</b>	<b>2,571,582</b>	<b>3,179,981</b>	<b>9,408,261</b>	<b>10,259,869</b>
<b>Program Expenses</b>						
<b>Instruction:</b>						
Regular	917,951	843,943	0	0	917,951	843,943
Vocational	2,230,324	2,108,927	0	0	2,230,324	2,108,927
Adult/Continuing	195,895	160,813	0	0	195,895	160,813
<b>Support Services:</b>						
Pupils	338,466	331,032	0	0	338,466	331,032
Instructional Staff	364,908	350,199	0	0	364,908	350,199
Board of Education	16,483	34,594	0	0	16,483	34,594
Administration	495,857	494,025	0	0	495,857	494,025
Fiscal	351,468	326,171	0	0	351,468	326,171
Business	30,827	51,948	0	0	30,827	51,948
<b>Operation and Maintenance</b>						
of Plant	634,808	706,377	0	0	634,808	706,377
Transportation	8,563	11,715	0	0	8,563	11,715
Central	331,706	344,850	0	0	331,706	344,850
<b>Operation of Non-Instructional Services:</b>						
Other	591,115	789,757	0	0	591,115	789,757
Food Service Operations	169,213	152,118	0	0	169,213	152,118
Extracurricular Activities	5,115	4,873	0	0	5,115	4,873
Interest and Fiscal Charges	58,288	63,527	0	0	58,288	63,527
Adult Education	0	0	2,558,360	2,611,549	2,558,360	2,611,549
<b>Total Expenses</b>	<b>6,740,987</b>	<b>6,774,869</b>	<b>2,558,360</b>	<b>2,611,549</b>	<b>9,299,347</b>	<b>9,386,418</b>
Increase in Net Assets	95,692	305,019	13,222	568,432	108,914	873,451
Net Assets Beginning of Year	7,886,042	7,581,023	2,275,383	1,706,951	10,161,425	9,287,974
<b>Net Assets End of Year</b>	<b>\$7,981,734</b>	<b>\$7,886,042</b>	<b>\$2,288,605</b>	<b>\$2,275,383</b>	<b>\$10,270,339</b>	<b>\$10,161,425</b>

**Washington County Career Center, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2012*  
Unaudited

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***Governmental Activities***

Net assets of the Career Center's governmental activities increased \$95,692 in fiscal year 2012. Total governmental expenses of \$6,740,987 did not exceed the program revenues of \$1,260,701 and general revenues of \$5,575,978.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 79 percent of the total revenue. The remaining 21 percent of revenue is from program revenues, interest, and miscellaneous local sources.

In recent years, the State has implemented weighted funding for special education students and career-tech students, in addition to ADM (average daily membership) funding. However, in June 2011, the Governor signed HB153 "Budget Bill" that stated the funding for Joint Vocational School Districts in fiscal years 2012 and 2013 would be equal to the funding in Fiscal Year 2011. In these two years, the State Foundation will hold at \$2.9 million.

Program revenues covered 18.7 percent of program expenses overall. The remaining 81.3 percent is supported through tax revenues and other general revenues. In fiscal year 2012, expenses totaled 98.6 percent of revenues, resulting in an increase in net assets of \$95,692.

***Business-Type Activity***

The business-type activity involves the Career Center's adult education program. This program had revenues of \$2,571,582 and expenses of \$2,558,360 for fiscal year 2012. Charges for services decreased \$599,639 from the prior year. Expenditures reflect a decrease of \$53,189 for the same period. Both decreases were a result of enrollment decreases in the programs offered and the textbooks and supplies associated with the programs.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2012 compared to fiscal year 2011. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Washington County Career Center, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2012*

Unaudited

(Table 3)  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2012	2011	2012	2011
<b>Program Expenses</b>				
Instruction:				
Regular	\$917,951	\$843,943	\$912,951	\$843,943
Vocational	2,230,324	2,108,927	2,125,874	2,025,182
Adult/Continuing	195,895	160,813	93,290	107,752
Support Services:				
Pupils	338,466	331,032	169,839	148,961
Instructional Staff	364,908	350,199	296,993	289,971
Board of Education	16,483	34,594	16,483	34,594
Administration	495,857	494,025	495,857	494,025
Fiscal	351,468	326,171	351,468	326,171
Business	30,827	51,948	30,827	51,948
Operation and Maintenance of Plant	634,808	706,377	634,808	706,377
Transportation	8,563	11,715	8,563	11,715
Central	331,706	344,850	274,286	277,386
Operation of Non-Instructional Services:				
Other	591,115	789,757	0	(16,213)
Food Service Operations	169,213	152,118	5,644	(3,754)
Extracurricular Activities	5,115	4,873	5,115	4,873
Interest and Fiscal Charges	58,288	63,527	58,288	63,527
<b>Total</b>	<b>\$6,740,987</b>	<b>\$6,774,869</b>	<b>\$5,480,286</b>	<b>\$5,366,458</b>

As you can see, the reliance upon local tax revenues for governmental activities is crucial. Twenty-eight percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 51 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2012, approximately 93.6 percent of instructional activities were supported through taxes and other general revenues. As you can see from Table 3, the Operation of Non-Instructional Services – Other program is the only self-supporting program, meaning that no general revenues are necessary to supplement this activity.

## Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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### The Career Center Funds

The Career Center's governmental funds reported a combined fund balance of \$3,557,753, an increase of \$265,500 from fiscal year 2011. All governmental funds had total revenues of \$6,839,278 and expenditures of \$6,574,675.

The Career Center's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$152,910 increase in fund balance can be mainly attributed to savings experienced by locking in utility prices for the year at lower rates, maintaining the fixed interest rate, changing the phone service contract, and implementing more electronic storage options

### General Fund Budgeting Highlights

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

During the course of fiscal 2012, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$5,673,077, above final estimates of \$5,506,045. Original estimated revenues equaled final estimated revenues. Expenditures of \$5,561,889 were lower than final appropriations of \$5,679,866 due to various factors, but primarily due to overestimated amounts on year end encumbrances. Final appropriations were increased \$20,280 over original appropriations due to a significant increase in purchased services.

### Capital Assets and Debt Administration

#### Capital Assets

At the end of fiscal year 2012, the Career Center had \$8,201,421 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2012 balances compared to 2011.

(Table 4)  
Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-Type Activity		Total	
	2012	2011	2012	2011	2012	2011
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	6,005,677	6,121,209	630,500	652,800	6,636,177	6,774,009
Furniture and Equipment	1,105,856	1,251,727	359,770	308,149	1,465,626	1,559,876
Vehicles	48,764	46,828	2,854	3,615	51,618	50,443
Totals	<u>\$7,208,297</u>	<u>\$7,467,764</u>	<u>\$993,124</u>	<u>\$964,564</u>	<u>\$8,201,421</u>	<u>\$8,432,328</u>

## Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

During fiscal year 2012, the Career Center completed the renovation of the sports medicine and exercise science lab, purchased exercise equipment, and purchased additional equipment for diesel truck and auto mechanics from governmental funds. Under the business-type activity, the Career Center renovated the cosmetology lab, purchased three pieces of heavy equipment, and renovated three restrooms in our Annex building. See Note 9 to the basic financial statements for more information on capital assets.

### Debt

During fiscal year 2012, the Career Center had the following changes in long-term obligations:

	Principal Outstanding 6/30/11	Additions	Reductions	Principal Outstanding 6/30/12	Amounts Due in One Year
<b>Governmental Activities:</b>					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$290,000	\$0	\$40,000	\$250,000	\$45,000
Qualified Zone Academy Bonds - 0%					
July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Capital Leases	971,733	0	71,335	900,398	74,326
Total Governmental Activities	<u>\$2,486,733</u>	<u>\$0</u>	<u>\$111,335</u>	<u>\$2,375,398</u>	<u>\$119,326</u>

See Notes 14 and 15 to the basic financial statements for more information on debt.

### Current Issues

The Career Center has achieved a large measure of financial stability in the past and in fiscal year 2012. Administrators and staff are cognizant of the entities' vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance of the two. The Treasurer continues to monitor revenues and expenses to ascertain that actual revenues meet or exceed revenues and actual expenses do not exceed estimated.

As indicated in the preceding financial information, the Career Center relies on State funding for 57 percent of their funding. In June 2011, the Governor signed HB 153 "Budget Bill" that states that funding for Joint Vocational School Districts in fiscal year 2012 and 2013 will be equal to the funding in fiscal year 2011. Basically we will not receive any additional State Foundation funding for the next two years holding the amount at \$2.9 million.

Also noted in HB 153 is the phase out of the tangible personal property (TPP) tax and public utility tangible personal property (PUTPP) tax replacement payments which amount to a reduction of \$281 thousand over from FY12 to FY14.

With the addition of the Exercise Science/Sports Medicine program this year we were able to hire a full time instructor and purchase equipment while at the same time keep a balanced budget. The staff was able to experience a 2% increase in base pay and also maintain the same level of benefits.

**Washington County Career Center, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2012*

Unaudited

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Prior to the start of our 2011-2012 academic year, we projected our enrollment to be 500. However, the actual enrollment of 450 students fell below that projection. This decline is mostly due to the declining enrollment in all Washington County Schools and more pressure on students to stay at their home high schools.

With the retirement of 12-year Superintendent, Roger Bartunek and the hire of 16-year Director, Dennis Blatt as his successor, we are looking forward to continuing the progress to offer a quality education for our future leaders.

**Contacting the Career Center's Financial Management**

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joe Crone, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or e-mail at [jcrone@thecareercenter.net](mailto:jcrone@thecareercenter.net).

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## Washington County Career Center, Ohio

### Statement of Net Assets

June 30, 2012

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,536,555	\$1,351,123	\$4,887,678
Investments with Fiscal Agents	358,828	0	358,828
Materials and Supplies Inventory	16,896	47,954	64,850
Intergovernmental Receivable	70,152	49,301	119,453
Prepaid Items	1,962	0	1,962
Accounts Receivable	891	51,411	52,302
Property Taxes Receivable	2,159,563	0	2,159,563
Deferred Charges	30,917	0	30,917
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	7,160,297	993,124	8,153,421
<i>Total Assets</i>	13,384,061	2,492,913	15,876,974
<b>Liabilities</b>			
Accounts Payable	18,942	26,702	45,644
Contracts Payable	0	4,900	4,900
Accrued Wages and Benefits Payable	388,665	42,715	431,380
Matured Vacation Benefits Payable	2,153	0	2,153
Matured Compensated Absences Payable	4,486	0	4,486
Vacation Benefits Payable	31,285	5,200	36,485
Accrued Interest Payable	2,862	0	2,862
Intergovernmental Payable	65,416	16,787	82,203
Deferred Revenue	2,031,665	0	2,031,665
Long-Term Liabilities:			
Due Within One Year	132,687	0	132,687
Due In More Than One Year	2,724,166	108,004	2,832,170
<i>Total Liabilities</i>	5,402,327	204,308	5,606,635
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	4,863,816	993,124	5,856,940
Restricted for:			
Unclaimed Monies	285	0	285
Debt Service	341,245	0	341,245
Capital Outlay	81,132	0	81,132
Budget Stabilization	28,932	0	28,932
Other Purposes	17,540	0	17,540
Unrestricted	2,648,784	1,295,481	3,944,265
<i>Total Net Assets</i>	\$7,981,734	\$2,288,605	\$10,270,339

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2012

	Program Revenues				Net (Expense)Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Contributions and Interest	Capital Grants	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$917,951	\$0	\$5,000	\$0	(\$912,951)	\$0	(\$912,951)
Vocational	2,230,324	91,432	13,018	0	(2,125,874)	0	(2,125,874)
Adult/Continuing	195,895	0	102,605	0	(93,290)	0	(93,290)
Support Services:							
Pupils	338,466	0	168,627	0	(169,839)	0	(169,839)
Instructional Staff	364,908	0	67,915	0	(296,993)	0	(296,993)
Board of Education	16,483	0	0	0	(16,483)	0	(16,483)
Administration	495,857	0	0	0	(495,857)	0	(495,857)
Fiscal	351,468	0	0	0	(351,468)	0	(351,468)
Business	30,827	0	0	0	(30,827)	0	(30,827)
Operation and							
Maintenance of Plant	634,808	0	0	0	(634,808)	0	(634,808)
Transportation	8,563	0	0	0	(8,563)	0	(8,563)
Central	331,706	0	55,620	1,800	(274,286)	0	(274,286)
Operation of Non-Instructional Services:							
Other	591,115	0	591,115	0	0	0	0
Food Service Operations	169,213	62,680	100,889	0	(5,644)	0	(5,644)
Extracurricular Activities	5,115	0	0	0	(5,115)	0	(5,115)
Interest and Fiscal Charges	58,288	0	0	0	(58,288)	0	(58,288)
<i>Total Governmental Activities</i>	6,740,987	154,112	1,104,789	1,800	(5,480,286)	0	(5,480,286)
<b>Business-Type Activity</b>							
Adult Education	2,558,360	2,201,049	359,725	0	0	2,414	2,414
<i>Totals</i>	<u>\$9,299,347</u>	<u>\$2,355,161</u>	<u>\$1,464,514</u>	<u>\$1,800</u>	(5,480,286)	2,414	(5,477,872)
<b>General Revenues</b>							
Property Taxes Levied for General Purposes					1,893,866	0	1,893,866
Grants and Entitlements not Restricted to Specific Programs					3,450,562	0	3,450,562
Payments in Lieu of Taxes					50,603	0	50,603
Interest					161,704	0	161,704
Miscellaneous					19,243	10,808	30,051
<i>Total General Revenues</i>					<u>5,575,978</u>	<u>10,808</u>	<u>5,586,786</u>
<i>Change in Net Assets</i>					95,692	13,222	108,914
<i>Net Assets Beginning of Year</i>					<u>7,886,042</u>	<u>2,275,383</u>	<u>10,161,425</u>
<i>Net Assets End of Year</i>					<u>\$7,981,734</u>	<u>\$2,288,605</u>	<u>\$10,270,339</u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2012*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,396,695	\$110,643	\$3,507,338
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	29,217	0	29,217
Investments with Fiscal Agents	358,828	0	358,828
Receivables:			
Property Taxes	2,159,563	0	2,159,563
Accounts	391	500	891
Intergovernmental	506	69,646	70,152
Prepaid Items	1,962	0	1,962
Materials and Supplies Inventory	14,309	2,587	16,896
<i>Total Assets</i>	<u>\$5,961,471</u>	<u>\$183,376</u>	<u>\$6,144,847</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$14,861	\$4,081	\$18,942
Accrued Wages and Benefits Payable	362,472	26,193	388,665
Matured Vacation Benefits Payable	2,153	0	2,153
Matured Compensated Absences Payable	4,486	0	4,486
Intergovernmental Payable	59,632	5,784	65,416
Deferred Revenue	2,101,694	5,738	2,107,432
<i>Total Liabilities</i>	<u>2,545,298</u>	<u>41,796</u>	<u>2,587,094</u>
<b>Fund Balances</b>			
Nonspendable	16,556	2,587	19,143
Restricted	28,932	47,993	76,925
Committed	6,795	9,868	16,663
Assigned	47,613	81,132	128,745
Unassigned	3,316,277	0	3,316,277
<i>Total Fund Balances</i>	<u>3,416,173</u>	<u>141,580</u>	<u>3,557,753</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,961,471</u>	<u>\$183,376</u>	<u>\$6,144,847</u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2012*

<b>Total Governmental Fund Balances</b>	<b>\$3,557,753</b>
 <i>Amounts reported for governmental activities in the statement of    net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,208,297
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Property Taxes	69,912
Intergovernmental Revenues	5,238
Customer Services	117
Gifts and Donations	500
	75,767
Unamortized issuance costs represent deferred charges which do not provide current financial resources and, therefore, are not reported in the funds.	30,917
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.	(2,862)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.	(31,285)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Energy Conservation Notes Payable	(250,000)
Qualified Zone Academy Bonds	(1,225,000)
Capital Leases Payable	(900,398)
Sick Leave Benefits Payable	(481,455)
	(2,856,853)
<b>Net Assets of Governmental Activities</b>	<b>\$7,981,734</b>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2012*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$1,902,320	\$0	\$1,902,320
Intergovernmental	3,463,580	1,069,785	4,533,365
Interest	161,704	100	161,804
Tuition and Fees	27,865	0	27,865
Customer Services	63,450	62,680	126,130
Payments in Lieu of Taxes	50,603	0	50,603
Gifts and Donations	13,448	4,500	17,948
Miscellaneous	19,243	0	19,243
<i>Total Revenues</i>	<u>5,702,213</u>	<u>1,137,065</u>	<u>6,839,278</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	872,809	0	872,809
Vocational	2,127,477	0	2,127,477
Adult/Continuing	0	88,759	88,759
Support Services:			
Pupils	191,647	136,662	328,309
Instructional Staff	297,026	59,731	356,757
Board of Education	16,483	0	16,483
Administration	490,587	0	490,587
Fiscal	329,798	0	329,798
Business	29,132	0	29,132
Operation and Maintenance of Plant	649,743	0	649,743
Transportation	8,563	0	8,563
Central	282,501	57,942	340,443
Operation of Non-Instructional Services	0	761,363	761,363
Extracurricular Activities	4,875	0	4,875
Capital Outlay	2,700	18	2,718
Debt Service:			
Principal Retirement	111,335	0	111,335
Interest and Fiscal Charges	55,524	0	55,524
<i>Total Expenditures</i>	<u>5,470,200</u>	<u>1,104,475</u>	<u>6,574,675</u>
<i>Excess of Revenues Over Expenditures</i>	<u>232,013</u>	<u>32,590</u>	<u>264,603</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	897	0	897
Transfers In	0	80,000	80,000
Transfers Out	(80,000)	0	(80,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(79,103)</u>	<u>80,000</u>	<u>897</u>
<i>Net Change in Fund Balances</i>	152,910	112,590	265,500
<i>Fund Balances Beginning of Year</i>	<u>3,263,263</u>	<u>28,990</u>	<u>3,292,253</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,416,173</u></u>	<u><u>\$141,580</u></u>	<u><u>\$3,557,753</u></u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2012*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$265,500</b>
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:		
Capital Asset Additions	167,651	
Depreciation Expense	<u>(422,057)</u>	(254,406)
 Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(5,061)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	5,238	
Customer Services	117	
Gifts and Donations	500	
Property Taxes	<u>(8,454)</u>	(2,599)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		111,335
 In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		327
 Issuance costs are reported as an expenditure when paid in governmental funds, but are allocated as an expense over the life of the outstanding debt on the statement of activities.		
		(3,091)
 Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	(383)	
Sick Leave Benefits Payable	<u>(15,930)</u>	<u>(16,313)</u>
 <i>Change in Net Assets of Governmental Activities</i>		 <u><u>\$95,692</u></u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2012*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$1,864,861	\$1,864,861	\$1,880,855	\$15,994
Intergovernmental	3,406,486	3,406,486	3,461,226	54,740
Interest	117,578	117,578	157,633	40,055
Tuition and Fees	21,030	21,030	27,865	6,835
Customer Services	51,600	51,600	63,669	12,069
Payments in Lieu of Taxes	33,740	33,740	50,603	16,863
Miscellaneous	10,750	10,750	31,226	20,476
<i>Total Revenues</i>	<i>5,506,045</i>	<i>5,506,045</i>	<i>5,673,077</i>	<i>167,032</i>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	875,631	869,361	851,303	18,058
Vocational	2,192,115	2,174,823	2,129,649	45,174
Support Services:				
Pupils	129,907	184,925	181,084	3,841
Instructional Staff	303,382	311,512	305,042	6,470
Board of Education	20,138	18,018	17,644	374
Administration	502,918	504,111	493,640	10,471
Fiscal	330,087	337,212	330,208	7,004
Business	21,310	29,997	29,374	623
Operation and Maintenance of Plant	646,843	672,993	659,014	13,979
Transporation	11,000	8,745	8,563	182
Central	333,720	320,339	313,685	6,654
Extracurricular Activities	5,390	4,978	4,875	103
Capital Outlay	121,285	2,757	2,700	57
Debt Service:				
Principal	110,335	183,393	179,584	3,809
Interest	55,525	56,702	55,524	1,178
<i>Total Expenditures</i>	<i>5,659,586</i>	<i>5,679,866</i>	<i>5,561,889</i>	<i>117,977</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(153,541)</i>	<i>(173,821)</i>	<i>111,188</i>	<i>285,009</i>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	5,000	5,000	897	(4,103)
Advances In	102,500	102,500	30,000	(72,500)
Refund of Prior Year Expenditures	0	0	7,460	7,460
Other Financing Uses	(100,000)	(100,000)	0	100,000
Advances Out	(60,000)	(60,000)	(30,000)	30,000
Transfers Out	(80,000)	(80,000)	(80,000)	0
<i>Total Other Financing Sources (Uses)</i>	<i>(132,500)</i>	<i>(132,500)</i>	<i>(71,643)</i>	<i>60,857</i>
<i>Net Change in Fund Balance</i>	<i>(286,041)</i>	<i>(306,321)</i>	<i>39,545</i>	<i>345,866</i>
<i>Fund Balance Beginning of Year</i>	<i>3,308,806</i>	<i>3,308,806</i>	<i>3,308,806</i>	<i>0</i>
Prior Year Encumbrances Appropriated	13,974	13,974	13,974	0
<i>Fund Balance End of Year</i>	<i>\$3,036,739</i>	<i>\$3,016,459</i>	<i>\$3,362,325</i>	<i>\$345,866</i>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Statement of Fund Net Assets*

*Enterprise Fund*

*June 30, 2012*

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,351,123
Materials and Supplies Inventory	47,954
Intergovernmental Receivable	49,301
Accounts Receivable	<u>51,411</u>
<i>Total Current Assets</i>	1,499,789
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>993,124</u>
<i>Total Assets</i>	<u>2,492,913</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	26,702
Contracts Payable	4,900
Accrued Wages and Benefits Payable	42,715
Vacation Benefits Payable	5,200
Intergovernmental Payable	<u>16,787</u>
<i>Total Current Liabilities</i>	96,304
Long-term Liabilities:	
Sick Leave Benefits Payable	<u>108,004</u>
<i>Total Liabilities</i>	<u>204,308</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	993,124
Unrestricted	<u>1,295,481</u>
<b>Total Net Assets</b>	<u><u>\$2,288,605</u></u>

See accompanying notes to the basic financial statements.



**Washington County Career Center, Ohio**

*Statement of Revenues,*

*Expenses and Changes in Fund Net Assets*

*Enterprise Fund*

*For the Fiscal Year Ended June 30, 2012*

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
<b>Operating Revenues</b>	
Tuition	\$2,201,049
Other	10,808
<i>Total Operating Revenues</i>	<u>2,211,857</u>
<b>Operating Expenses</b>	
Salaries	1,361,111
Fringe Benefits	409,514
Purchased Services	334,287
Materials and Supplies	339,342
Depreciation	82,872
Other	30,968
<i>Total Operating Expenses</i>	<u>2,558,094</u>
<i>Operating Loss</i>	<u>(346,237)</u>
<b>Non-Operating Revenues (Expenses)</b>	
Loss on Sale of Capital Assets	(266)
Federal and State Subsidies	359,725
<i>Total Non-Operating Revenues (Expenses)</i>	<u>359,459</u>
<i>Net Change in Net Assets</i>	13,222
<i>Net Assets Beginning of Year</i>	<u>2,275,383</u>
<i>Net Assets End of Year</i>	<u><u>\$2,288,605</u></u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Statement of Cash Flows*

*Enterprise Fund*

*For the Fiscal Year Ended June 30, 2012*

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$2,217,727
Cash Received from Other Operating Revenues	9,928
Cash Payments for Other Operating Expenses	(30,968)
Cash Payments to Suppliers for Goods and Services	(671,128)
Cash Payments for Employee Services	(1,368,110)
Cash Payments for Employee Benefits	<u>(412,516)</u>
Net Cash Used for Operating Activities	<u>(255,067)</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	<u>359,725</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	<u>(106,798)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(2,140)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,353,263</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,351,123</u></u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$346,237)
Depreciation	82,872
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(12,750)
Decrease in Accounts Receivable	19,459
Decrease in Interfund Receivable	1,545
Increase in Intergovernmental Receivable	(5,056)
Increase in Accounts Payable	16,367
Decrease in Accrued Wages and Benefits Payable	(18,011)
Decrease in Vacation Benefits Payable	(10,476)
Increase in Sick Leave Benefits Payable	21,488
Decrease in Intergovernmental Payable	<u>(4,268)</u>
Net Cash Used for Operating Activities	<u><u>(\$255,067)</u></u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Statement of Fiduciary Assets and Liabilities*

*Agency Fund*

*June 30, 2012*

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	<u>Student Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$35,184</u>
<b>Liabilities</b>	
Due to Students	<u>\$35,184</u>

See accompanying notes to the basic financial statements.

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## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 1 - Description of the Career Center and Reporting Entity**

The Washington County Career Center (Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following elected Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Ohio Valley Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 19 classified employees and 41 certificated employees who provide services to 241 Washington County juniors and seniors and 1,223 adult students through the adult education department evening classes and customized training for business and industry.

#### *Reporting Entity*

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Career Center are not misleading. The Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, and student related activities of the Career Center.

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

The Career Center participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. These organizations are presented in Notes 16 and 17.

### **Note 2 - Summary of Significant Accounting Policies**

The financial statements of the Career Center 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 Career Center also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise fund unless those pronouncements conflict with or contradict GASB pronouncements. The Career Center has elected not to apply FASB statements and interpretations issued after November 30, 1989, to its business-type activity and enterprise fund. The more significant of the Career Center's accounting policies are described below.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **A. Basis of Presentation**

The Career Center's basic financial statements consist of government-wide 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 Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center'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 Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

**Fund Financial Statements** During the fiscal year, the Career Center segregates transactions related to certain Career Center 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 Career Center at this more detailed level. The focus of governmental and enterprise 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. The fiduciary fund is reported by type.

### **B. Fund Accounting**

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

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

**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 Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

***Proprietary Fund Types*** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The Career Center has no internal service funds.

***Enterprise Fund*** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Career Center's only enterprise fund accounts for the operation of the Career Center's adult education program.

***Fiduciary Fund Type*** 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund, which accounts for student 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 Career Center are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., 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 balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on 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.

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

### ***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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified 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.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes and 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 year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Deferred Revenue** Deferred revenue arises 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, 2012, but which were levied to finance fiscal year 2013 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period 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. Cash and Cash Equivalents***

To improve cash management, cash received by the Career Center is pooled. Monies for all funds, except for the cash with fiscal agents, are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.



## **Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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The Career Center's investments during fiscal year 2012 were the State Treasury Asset Reserve of Ohio (STAR Ohio) and money market mutual funds. 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, 2012.

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 2012 amounted to \$161,704, which includes \$51,500 assigned from other Career Center funds.

The Career Center utilizes a financial institution to service principal and interest payments. The balance in this account is presented on the balance sheet as "restricted investments with fiscal agents" and represents money market mutual funds.

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

### ***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

### ***G. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food held for resale.

### ***H. Capital Assets***

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Career Center was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated fixed assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of one thousand dollars. The Career Center does not possess 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.

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

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

Description	Estimated Lives
Buildings and Improvements	75 - 100 years
Furniture and Equipment	5 - 48 years
Vehicles	5 - 23 years

***I. Interfund Balances***

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". These amounts are eliminated in the governmental activities column of the statement of net assets.

***J. Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the unspent workers' compensation refund monies required to be maintained for budget stabilization, unclaimed monies, and cash held with fiscal agents for payment to the contractors under the Career Center's lease-purchase agreement. See Note 19 for additional information regarding set-asides and budget stabilization.

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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 Career Center 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 Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for classified and certified employees after one year of service with the Career Center.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### ***L. Accrued Liabilities and Long-term Obligations***

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

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

### ***M. Internal Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

### ***N. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

**Nonspendable:** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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**Committed:** The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

**Unassigned:** The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

The Career Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which the amounts in any of the unrestricted fund balance classifications could be used.

### ***O. Unamortized Issuance Costs***

On the government-wide financial statements, issuance costs are deferred and amortized over the term of the debt using the straight-line method. Issuance costs are reported as deferred charges.

On the government fund financial statements, issuance costs are recognized in the period in which the debt is issued.

### ***P. 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 balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include the food service program and local, federal, and state grants restricted to expenditure for specified purposes.

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### ***Q. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are charges for services for adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

### ***R. Extraordinary and Special Item***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

### ***S. 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.

### ***T. Budgetary Process***

All funds, other than agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations to the function and object level.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed.

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

## Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

### Note 3 - Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Prepays	\$1,962	\$0	\$1,962
Materials and Supplies Inventory	14,309	2,587	16,896
Unclaimed Monies	285	0	285
<i>Total Nonspendable</i>	<u>16,556</u>	<u>2,587</u>	<u>19,143</u>
Restricted for:			
Food Service Operations	0	542	542
Local Grant Expenditures	0	4,500	4,500
State Grant Expenditures	0	22	22
Federal Grant Expenditures	0	42,929	42,929
Budget Stabilization	28,932	0	28,932
<i>Total Restricted</i>	<u>28,932</u>	<u>47,993</u>	<u>76,925</u>
Committed to:			
Scholarships	0	9,868	9,868
Other Purposes	6,795	0	6,795
<i>Total Committed</i>	<u>6,795</u>	<u>9,868</u>	<u>16,663</u>
Assigned to:			
Capital Improvements	0	81,132	81,132
Other Purposes	47,613	0	47,613
<i>Total Assigned</i>	<u>47,613</u>	<u>81,132</u>	<u>128,745</u>
Unassigned:	3,316,277	0	3,316,277
<i>Total Fund Balances</i>	<u>\$3,416,173</u>	<u>\$141,580</u>	<u>\$3,557,753</u>

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

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### Note 4 - Budgetary Basis of Accounting

While the Career Center 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 Balances - Budget and Actual (Budget Basis) presented for the General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) 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 an assignment of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unreported and prepaid items represent amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

#### Net Change in Fund Balance

GAAP Basis	\$152,910
Net Adjustment for:	
Revenue Accruals	(21,357)
Expenditure Accruals	(41,091)
Unreported Interest:	
Beginning of Fiscal Year	13,151
End of Fiscal Year	(13,470)
Prepaid Items:	
Beginning of Fiscal Year	1,481
End of Fiscal Year	(1,962)
Advances In	30,000
Advances Out	(30,000)
Encumbrances	(50,117)
Budget Basis	<u><u>\$39,545</u></u>

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

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### **Note 5 - Deposits and Investments**

Monies held by the Career Center are classified by State statute into three categories.

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

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

Interim deposits are deposits of interim monies. Interim 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.

Interim monies held by the Career Center can 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or 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) above;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.



## Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$4,760,317 of the Career Center's bank balance of \$5,340,040 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**Investments** As of June 30, 2012, the Career Center had the following investments: STAROhio which is part of the internal investment pool and money market mutual funds held by a fiscal agent in an escrow account that is restricted for the payment of debt.

	Fair Value	Maturity	Rating	Rating Agency
Money Market Mutual Funds	\$358,828	N/A	Aaa	Moody's
STAR Ohio	4,832	Average - 52.5 Days	AAAm	S&P
Total	<u>\$363,660</u>			

**Interest Rate Risk** The Career Center's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** The credit ratings for the Career Center's securities are listed above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service. The Career Center has no investment policy that would further limit its investment choices.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the Career Center's area. Real property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Career Center receives property taxes from Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012, was \$57,986 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2011, was \$36,521.

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

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$992,249,960	85.05%	\$988,932,480	85.19%
Public Utility Personal	174,468,570	14.95%	171,984,510	14.81%
<b>Total</b>	<b>\$1,166,718,530</b>	<b>100.00%</b>	<b>\$1,160,916,990</b>	<b>100.00%</b>
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

**Note 7 - Interfund Transfers**

The General Fund transferred \$80,000 to the Permanent Improvement Capital Projects Fund during fiscal year 2012. The transfer was for various construction projects for the Career Center.

**Note 8 - Receivables**

Receivables at June 30, 2012, consisted of property taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$69,912 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	Amounts
<b>Governmental Activities:</b>	
Rural Education Achievement Program	\$46,035
Carl Perkins	23,611
Other	506
Total Governmental Activities	70,152
<b>Business-Type Activity:</b>	
Tuition	49,301
Total	\$119,453

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Balance</u> <u>6/30/2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2012</u>
<b>Governmental Activities:</b>				
Capital Assets:				
Capital Assets not being depreciated:				
Land	<u>\$48,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$48,000</u>
Depreciable Capital Assets:				
Buildings and Improvements	8,018,316	45,804	0	8,064,120
Furniture and Equipment	3,553,468	113,594	(47,152)	3,619,910
Vehicles	<u>84,589</u>	<u>8,253</u>	<u>0</u>	<u>92,842</u>
Total Capital Assets being Depreciated	<u>11,656,373</u>	<u>167,651</u>	<u>(47,152)</u>	<u>11,776,872</u>
Less Accumulated Depreciation				
Buildings and Improvements	(1,897,107)	(161,336)	0	(2,058,443)
Furniture and Equipment	(2,301,741)	(254,404)	42,091	(2,514,054)
Vehicles	<u>(37,761)</u>	<u>(6,317)</u>	<u>0</u>	<u>(44,078)</u>
Total Accumulated Depreciation	<u>(4,236,609)</u>	<u>(422,057)</u> *	<u>42,091</u>	<u>(4,616,575)</u>
Total Capital Assets being Depreciated, Net	<u>7,419,764</u>	<u>(254,406)</u>	<u>(5,061)</u>	<u>7,160,297</u>
Governmental Activities Capital Assets, Net	<u>\$7,467,764</u>	<u>(\$254,406)</u>	<u>(\$5,061)</u>	<u>\$7,208,297</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$30,068
Vocational	181,249
Adult/Continuing	98,258
Support Services:	
Pupils	7,598
Instructional Staff	9,626
Administration	14,096
Fiscal	12,269
Business	1,695
Operation and Maintenance of Plant	32,345
Central	29,906
Food Service	4,707
Extracurricular Activities	<u>240</u>
Total Depreciation Expense	<u>\$422,057</u>

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

	Balance 6/30/2011	Additions	Deductions	Balance 6/30/2012
<b>Business-Type Activity:</b>				
Capital Assets:				
Buildings and Improvements	\$680,000	\$4,900	\$0	\$684,900
Furniture and Equipment	596,419	106,798	(484)	702,733
Vehicles	22,610	0	0	22,610
Total Capital Assets	<u>1,299,029</u>	<u>111,698</u>	<u>(484)</u>	<u>1,410,243</u>
Less Accumulated Depreciation				
Buildings and Improvements	(27,200)	(27,200)	0	(54,400)
Furniture and Equipment	(288,270)	(54,911)	218	(342,963)
Vehicles	(18,995)	(761)	0	(19,756)
Total Accumulated Depreciation	<u>(334,465)</u>	<u>(82,872)</u>	<u>218</u>	<u>(417,119)</u>
Total Capital Assets being Depreciated, Net	<u>964,564</u>	<u>28,826</u>	<u>(266)</u>	<u>993,124</u>
Business-Type Activity Capital Assets, Net	<u><u>\$964,564</u></u>	<u><u>\$28,826</u></u>	<u><u>(\$266)</u></u>	<u><u>\$993,124</u></u>

### Note 10 - Risk Management

#### A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the Career Center contracted with the following insurance company for coverage:

Ohio School Plan. through Hylant Administrative Services, LLC:	
Automobile Liability	\$1,000,000
Comprehensive (\$250 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$1,000 deductible)	27,340,800
Equipment Breakdown (\$1,000 deductible)	27,340,800
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Crime (\$1,000 Deductible):	
Theft / Forgery or Alteration / Computer Fraud	100,000
Fiduciary Liability (\$2,500 Deductible):	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Each Employee	1,000,000
Educational Legal Liability (\$2,500 Deductible):	
Errors and Omissions/Aggregate	1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### ***B. Workers' Compensation***

For fiscal year 2012, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

### **Note 11 - Employee Benefits**

#### ***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days. Upon retirement, employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

#### ***B. Insurance***

The Career Center provides medical/surgical insurance through Medical Mutual of Ohio for all eligible employees. The Career Center pays between 85 to 95 percent of the cost of both the individual plans and the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance, dental, and accidental death and dismemberment insurance is provided through Core Source, and vision insurance is provided through Vision Service Plan.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 12 - Defined Benefit Pension Plans**

#### ***A. School Employees Retirement System***

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/ Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$108,302, \$95,197, and \$105,567, respectively. For fiscal year 2012, 95.22 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

#### ***B. State Teachers Retirement System***

Plan Description – The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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A DB or Combined Plan member with five or more years of 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 - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010, were \$437,844, \$432,820, and \$435,494, respectively. For fiscal year 2012, 91.33 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$42,929 made by the Career Center and \$30,664 made by the plan members.

### ***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, one members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

## **Note 13 - Postemployment Benefits**

### ***A. School Employees Retirement System***

Plan Description – The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated 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 obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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 105(e). For fiscal year 2012, .55 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 fiscal year 2012, this amount was \$35,800.



## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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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 Career Center's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010, were \$16,516, \$27,951, and \$15,234, respectively. For fiscal year 2012, 25.60 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010, were \$6,380, \$6,145, and \$6,230, respectively. For fiscal year 2012, 95.21 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

### ***B. State Teachers Retirement System***

**Plan Description** – The Career Center participates in 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. Ohio law authorizes STRS to offer this plan. 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 can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio Revised Code Chapter 3307 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 Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010, were \$33,680, \$33,294, and \$33,500 respectively. For fiscal year 2012, 91.33 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2012*

**Note 14 - Long-Term Obligations**

The changes in the Career Center's long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/11	Additions	Reductions	Principal Outstanding 6/30/12	Amounts Due in One Year
<b>Governmental Activities:</b>					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$290,000	\$0	\$40,000	\$250,000	\$45,000
Capital Leases	971,733	0	71,335	900,398	74,326
Qualified Zone Academy Bonds - 0%					
July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Sick Leave Benefits	465,525	61,148	45,218	481,455	13,361
<b>Total Governmental Activities</b>	<b>\$2,952,258</b>	<b>\$61,148</b>	<b>\$156,553</b>	<b>\$2,856,853</b>	<b>\$132,687</b>
<b>Business-Type Activity:</b>					
Sick Leave Benefits	\$86,516	\$21,488	\$0	\$108,004	\$0
<b>Total Business-Type Activities</b>	<b>\$86,516</b>	<b>\$21,488</b>	<b>\$0</b>	<b>\$108,004</b>	<b>\$0</b>

Capital leases will be paid from the General Fund. Sick leave benefits will be paid from the General Fund and the Food Service and Miscellaneous Federal Grants Special Revenue Funds.

In fiscal year 2003, the Career Center issued energy conversation notes for \$615,000. The energy conservation notes will be paid from tax revenues from the General Fund.

On July 1, 2007, the Career Center issued \$1,225,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for roof repairs. The QZAB matures in 2022, with the entire principal balance coming due at maturity. The QZAB does not bear interest. To satisfy escrow requirements of the program, the Career Center placed \$1,225,000 in a debt service sinking escrow account for future payment of the bonds with US Bank, the fiscal agent. The escrow account will be invested with all of the proceeds to be used for the final payoff of the bonds in 2022. Along with the investment earnings of the escrow account, the Career Center is required to place \$68,249, annually into the debt service sinking escrow account that will be used for the final bond repayment in 2022. The value of the escrow account is recorded as restricted investments with fiscal agents in the General Fund.

The overall debt margin of the Career Center as of June 30, 2012, was \$104,482,529, with an unvoted debt margin of \$1,160,917.

## Washington County Career Center, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2012, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2013	\$45,000	\$13,422	\$58,422
2014	45,000	10,768	55,768
2015	50,000	7,965	57,965
2016	55,000	4,867	59,867
2017	55,000	1,623	56,623
Total	<u>\$250,000</u>	<u>\$38,645</u>	<u>\$288,645</u>

### Note 15 - Capital Leases – Lessee Disclosure

In prior years, the Career Center entered into capitalized leases for heating and cooling systems upgrades. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for the governmental funds. Principal payments in 2012 were \$71,335 for the governmental activities.

	Governmental Activities
Property under Capital Lease	<u>\$1,470,246</u>
Less Accumulated Depreciation	<u>(240,138)</u>
Total June 30, 2012	<u>\$1,230,108</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2012:

Fiscal Year Ending	Governmental Activities
2013	\$110,930
2014	110,930
2015	110,930
2016	110,930
2017	110,930
2018-2022	<u>554,645</u>
Total	1,109,295
Less: Amount Representing Interest	<u>(208,897)</u>
Present Value of Net Minimum Lease Payments	<u>\$900,398</u>

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012*

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### **Note 16 - Jointly Governed Organizations**

#### ***A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)***

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium 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. SEOVEC has 26 participants consisting of school districts in eight southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2012, the Career Center paid \$13,607 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

#### ***B. Coalition of Rural and Appalachian Schools***

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. The Career Center's membership fee was \$325 for fiscal year 2012. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

### **Note 17 - Insurance Purchasing Pool**

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

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

### **Note 18 - Contingencies**

#### ***A. Grants***

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

## Washington County Career Center, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2012.

### **B. Litigation**

The Career Center is currently party to legal proceedings. The possible outcome and effect on the financial statements cannot be determined at this time.

### **Note 19 - Set-Asides**

The Career Center is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the Career Center was also required to set-aside money for textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2012, this continues to be set aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Balance as of June 30, 2011	\$0	\$28,932
Current Year Set-aside Requirement	79,736	0
Qualifying Disbursements	<u>(83,650)</u>	<u>0</u>
Total	<u><u>(\$3,914)</u></u>	<u><u>\$28,932</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>	<u><u>\$28,932</u></u>

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**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011/2012	10.555	\$ 4,292	\$ 4,292
Cash Assistance:				
School Breakfast Program	2011/2012	10.553	29,722	29,722
National School Lunch Program	2011/2012	10.555	64,724	64,724
Cash Assistance Subtotal			<u>94,446</u>	<u>94,446</u>
Total Child Nutrition Cluster			<u>98,738</u>	<u>98,738</u>
Total U.S. Department of Agriculture			98,738	98,738
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2012	84.063	595,000	595,000
Rural Education	2011	84.358	3,059	3,059
<i>Passed Through Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States	2011	84.048	30,116	30,116
	2012		234,784	234,784
Total Career and Technical Education - Basic Grants to States			<u>264,900</u>	<u>264,900</u>
Improving Teacher Quality State Grants	2012	84.367	1,928	1,928
Total U.S. Department of Education			<u>864,887</u>	<u>864,887</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 963,625</u></b>	<b><u>\$ 963,625</u></b>

*The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.*

**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Career Center's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

The Career Center reports commodities consumed on the Schedule at fair value. The Career Center allocated donated food commodities to the respective program that benefited 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

Washington County Career Center  
Washington County  
21740 State Route 676  
Marietta, Ohio 45750

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2012, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated November 8, 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 Career Center's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Career Center's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Career Center'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 Career Center'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 Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and pass-through entities and others within the Career Center. 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

November 8, 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 IN ACCORDANCE WITH OMB CIRCULAR A-133

Washington County Career Center  
Washington County  
21740 State Route 676  
Marietta, Ohio 45750

To the Board of Education:

### Compliance

We have audited the compliance of the Washington County Career Center, Washington County, Ohio (the Career Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Career Center's major federal program for the year ended June 30, 2012. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Career Center's major federal program. The Career Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Career Center's compliance based on our audit.

Our compliance audit followed 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*. These 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 Career Center's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Career Center's compliance with these requirements.

In our opinion, the Career Center 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, 2012.

### Internal Control Over Compliance

The Career Center'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 Career Center's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of 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 the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over compliance.

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 the audit committee, management, the Board of Education, others within the Career Center, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

November 8, 2012

**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

**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 weakness conditions 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 weakness conditions 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 Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Career and Technical Education – Basic Grants to States, CFDA # 84.048
<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.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Washington County Career Center  
Washington County  
21740 State Route 676  
Marietta, Ohio 45750

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 Washington County Career Center, Washington County, Ohio (the Career Center) 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.

1. We noted the Board amended its anti-harassment policy at its meeting on June 26, 2012 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

November 8, 2012



# Dave Yost • Auditor of State

WASHINGTON COUNTY CAREER CENTER

WASHINGTON 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  
NOVEMBER 27, 2012