

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2015***

TAMMY WOODS, TREASURER



Dave Yost • Auditor of State

Board of Education
Tolles Career and Technical Center
7877 U.S. Highway 42 South
Plain City, Ohio 43064

We have reviewed the *Independent Auditor's Report* of the Tolles Career and Technical Center, Madison County, prepared by Julian & Grube, Inc., for the audit period July 1, 2014 to June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tolles Career and Technical Center is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

February 10, 2016

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**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Tolles Career and Technical Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Tolles Career and Technical Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Tolles Career and Technical Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the fiscal year ended June 30, 2015, the Tolles Career and Technical Center adopted the provisions of Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis, required budgetary comparison schedule* and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the Tolles Career and Technical Center's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the "Schedule") presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the Tolles Career and Technical 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tolles Career and Technical Center's internal control over financial reporting and compliance.



**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

The discussion and analysis of the Tolles Career & Technical Center (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

Overall:

- The net position was \$7,078,463 as of June 30, 2015 according to the Statement of Net Position. This represents an increase of \$1,674,065 from last year's restated net position of \$5,404,398.

During 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised accounting for pension costs and liabilities, thus resulting in the restatement of beginning net position from the previously reported \$22,665,822 to the \$7,078,463 listed above. This liability is a present value estimate of the District's future net cash flows needed to fund pension cost associated with the employment of current and past employees, whom participate in Ohio statewide pension systems. See page 5 below for further discussion of this statement.

- The General Fund reported a positive fund balance of \$10,109,708 according to the Balance Sheet.

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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. In the case of the District, the general fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the District did financially during fiscal year 2015. 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 considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

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

In the *Statement of Net Position and the Statement of Activities*, the District reports on the following activity type:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental fund is the General Fund.

Governmental Funds: The District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The District's basic services are reported in these funds and focus on how money flows into and out of those funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's operations. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2015 and 2014.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

Net Assets - Governmental Activities

	<u>2015</u>	<u>2014</u>
Current assets	\$ 19,297,147	\$ 18,104,054
Non-current	<u>15,827,501</u>	<u>15,464,765</u>
Total assets	<u>35,124,648</u>	<u>33,568,819</u>
Deferred outflows of resources	<u>1,096,001</u>	<u>895,707</u>
Current liabilities	1,300,013	1,149,158
Long-term liabilities	<u>17,932,923</u>	<u>20,721,469</u>
Total liabilities	<u>19,232,936</u>	<u>21,870,627</u>
Deferred Inflows of resources	<u>9,909,250</u>	<u>6,293,794</u>
Net Position:		
Net investment in capital assets	13,670,384	12,525,917
Restricted	629,917	497,490
Unrestricted	<u>(7,221,838)</u>	<u>(7,619,009)</u>
Total net position	<u>\$ 7,078,463</u>	<u>\$ 5,404,398</u>

The adoption of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements. Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the District, part of a bargained-for benefit to the employee, and should accordingly be reported by the District as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation had the effect of restating net position at June 30, 2014 as previously discussed on page 3 in the financial highlights section above.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

Change in Net Assets - Governmental Activities

	<u>2015</u>	<u>2014</u>
Program revenues:		
Charges for services	\$ 605,800	\$ 630,174
Operating grants	1,631,943	895,048
General revenues:		
Property taxes	9,508,489	9,542,764
Grants and entitlements	3,236,964	3,126,058
Other	<u>133,582</u>	<u>206,387</u>
Total revenues	<u>15,116,778</u>	<u>14,400,431</u>
Program expenses:		
Instructional:		
Regular	1,560,646	1,798,453
Special	1,008,775	1,051,515
Vocational	4,632,800	4,427,500
Adult/Continuing	398,424	344,154
Other	180,755	183,992
Support services:		
Pupils	716,582	717,442
Instructional staff	464,987	318,947
Board of education	98,042	54,296
Administration	1,153,073	1,241,361
Fiscal	474,844	470,309
Operation & maintenance of plant	1,582,631	1,541,029
Pupil transportation	25,718	26,678
Central	765,803	606,346
Operation of non-instructional services	247,873	252,108
Extra-curricular activities	46,244	77,285
Interest	<u>85,516</u>	<u>129,008</u>
Total expenses	<u>13,442,713</u>	<u>13,240,423</u>
Increase in Net Position	<u>\$ 1,674,065</u>	<u>\$ 1,160,008</u>

Net position of the District's governmental activities increased by \$1,674,065 for the year ended June 30, 2015. The increase was primarily due to the decrease in net position obligation, while the District was also able to maintain other operating costs.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts, for the effects of the initial implementation of GASB 68 is not available. Therefore the 2014 functional expenses still include pension expense of \$895,707 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows of resources. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of 640,769. Consequently, in order to compare 2015 total program expense to 2014, the following adjustments are needed:

Total 2015 program expense under GASB 68	\$13,442,713
Pension expense under GASB 68	(640,769)
2015 required contributions	<u>951,683</u>
Adjusted 2015 program expense	13,753,627
Total 2014 program expense	<u>13,240,423</u>
Increase in program expense not related to pension	<u>\$513,204</u>

Property taxes and grants and entitlements represent 85.2 percent of total District revenues. Program revenues for governmental activities are 14.8 percent of total revenues and are primarily represented by charges for tuition and fees and restricted intergovernmental revenues.

The major program expense for governmental activities is for instruction, which is 57.9 percent of all governmental expenses.

Governmental Activities

The table below indicates the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

Programs	Total Cost of Services <u>2015</u>	Net Cost of Service <u>2015</u>
Instruction	\$ 7,781,400	\$ 5,839,511
Support services:		
Pupil and instructional staff	1,181,569	1,122,322
Board of education, administration, and fiscal	1,725,959	1,724,934
Operation & maintenance of plant	1,582,631	1,582,631
Pupil transportation	25,718	23,896
Central	765,803	764,003
Operation of non-instructional services	247,873	15,913
Extracurricular activities	46,244	46,244
Interest	85,516	85,516
Total	<u>\$ 13,442,713</u>	<u>\$ 11,204,970</u>

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,406,315 and expenditures of \$14,920,934 in 2015. The net change in fund balance in the General fund for the year was an increase of \$1,384,069.

General Fund Budgeting Highlights

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

During the course of fiscal 2015, the District amended its general fund budget as needed.

Original and Final budgeted expenditures in the amount of \$14,088,409 and \$14,224,287, respectively, were \$867,519 and \$1,003,397 more than actual expenditures. The District generally over appropriates in case unexpected expenditures arise during the fiscal year. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$13,220,890, \$10,186 above revenues.

Capital Assets

At the end of fiscal 2015, the District had \$15,827,501 invested in land, buildings, equipment, and vehicles (net of accumulated depreciation); all in governmental activities. Note 6 to the basic financial statement provides additional details regarding capital assets.

Debt

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. \$650,000 of these bonds were for the purchase and installation of energy conservation measures. In fiscal 2015 the District made principal payments of \$735,000 on the aforementioned debt.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Unaudited)**

Current Issues

The District covers a diverse area that includes suburban residential areas as well as farming communities in Franklin, Madison, Union, Delaware and Fayette Counties.

The District has maintained an excellent financial position over the last 30 years. In 1972, a 1.8 mill continuing levy was passed. Because of significant growth in the District over the years the millage had been reduced. The last reduction was from 1.1 mill to .5 mill effective January 1, 2003. Effective January 1, 2007, the District's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The latest five-year forecast as prepared in October 2015 shows a positive cash balance through fiscal year 2020. However, the future financial stability of the District is not without challenges. The first challenge is for management to ensure resources can be preserved as long as possible by continuing to maintain careful financial planning and prudent fiscal management. The second challenge is based in the local economy and the state funding of education in Ohio.

Contacting the District's Financial Office

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or requests for additional information should be directed to Tammy Woods, Treasurer, 7877 US Highway 42 South, Plain City, Ohio 43064.

Tolles Career & Technical Center
Statement of Net Position
June 30, 2015

	GOVERNMENTAL ACTIVITIES
ASSETS	
Equity in pooled cash and cash equivalents -	
Cash & investments	\$ 7,892,795
Materials and supplies inventory	84,772
Accounts receivable	32,689
Due from other governments	215,078
Prepaid items	17,885
Property taxes receivable	11,053,928
Nondepreciable capital assets	150,000
Depreciable capital assets, net	15,677,501
TOTAL ASSETS	\$ 35,124,648
DEFERRED OUTFLOWS OF RESOURCES-Pensions	1,096,001
LIABILITIES	
Accounts payable	\$ 24,625
Accrued wages and benefits	1,113,929
Due to other governments	154,642
Interest payable	6,817
Long-term Liabilities:	
Due within one year	849,801
Net pension liability	15,276,263
Other amounts due in more than one year	1,806,859
TOTAL LIABILITIES	19,232,936
DEFERRED INFLOWS OF RESOURCES:	
Property taxes	7,139,002
Pension	2,770,248
Total DEFERRED INFLOWS OF RESOURCES	9,909,250
NET POSITION	
Net investment in capital assets	13,670,384
Restricted for:	
Capital projects	485,988
Other purposes	143,929
Unrestricted	(7,221,838)
TOTAL NET POSITION	\$ 7,078,463

The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				Governmental Activities
Instructional services:				
Regular	\$ 1,560,646	-	-	(1,560,646)
Special	1,008,775	-	293,464	(715,311)
Vocational	4,632,800	382,617	852,119	(3,398,064)
Adult/Continuing	398,424	94,844	269,074	(34,506)
Other	180,755	-	49,771	(130,984)
Support services:				
Pupils	716,582	-	45,496	(671,086)
Instructional staff	464,987	-	13,751	(451,236)
Board of education	98,042	-	-	(98,042)
Administration	1,153,073	-	1,025	(1,152,048)
Fiscal	474,844	-	-	(474,844)
Operation & maintenance of plant	1,582,631	-	-	(1,582,631)
Pupil transportation	25,718	-	1,822	(23,896)
Central	765,803	1,800	-	(764,003)
Operation of Non-Instructional services	247,873	126,539	105,421	(15,913)
Extracurricular student activities	46,244	-	-	(46,244)
Interest	85,516	-	-	(85,516)
Totals	\$ 13,442,713	605,800	1,631,943	(11,204,970)

General revenues:	
Property taxes levied for -	
General purposes	9,508,489
Grants and entitlements not restricted to specific programs	3,236,964
Investment earnings	45,863
Miscellaneous	87,719
Total general revenues	12,879,035
Change in Net Position	1,674,065
Net Position Beginning of Year, as restated	5,404,398
Net Position End of Year	\$ 7,078,463

The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center

Balance Sheet

Governmental Funds

June 30, 2015

	General	Other Governmental Funds	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 7,312,006	580,789	7,892,795
Materials and supplies inventory	78,244	6,528	84,772
Accounts receivable	24,108	8,581	32,689
Interfund receivable	45,136	-	45,136
Intergovernmental receivable	-	215,078	215,078
Prepaid items	17,885	-	17,885
Property taxes receivables	11,053,928	-	11,053,928
TOTAL ASSETS	\$ 18,531,307	810,976	19,342,283
LIABILITIES			
Accounts payable	\$ 18,812	5,813	24,625
Accrued wages and benefits	1,007,697	106,232	1,113,929
Intergovernmental payables	134,019	20,623	154,642
Interfund payable	-	45,136	45,136
TOTAL LIABILITIES	1,160,528	177,804	1,338,332
DEFERRED INFLOWS OF RESOURCES	7,261,071	-	7,261,071
FUND BALANCES			
Non-spendable:			
Inventories	78,244	6,528	84,772
Prepaid items	17,885	-	17,885
Restricted for:			
Adult Education	-	25,114	25,114
Food Service	-	25,779	25,779
Federal Grants	-	78,310	78,310
State Grants	-	37,135	37,135
Other purposes	-	11,752	11,752
Capital Projects	-	485,988	485,988
Assigned	10,013,579	-	10,013,579
Unassigned	-	(37,434)	(37,434)
TOTAL FUND BALANCES	10,109,708	633,172	10,742,880
TOTAL LIABILITIES, DEFERRED INFLOWS and FUND BALANCES	\$ 18,531,307	810,976	19,342,283

The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances	\$ 10,742,880
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	15,827,501
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Property taxes	122,069
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred outflows - Pension	1,096,001
Deferred inflows - Pension	(2,770,248)
Net pension liability	(15,276,263)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(6,817)
Compensated absences	(499,543)
Premium, net	(59,939)
Bonds payable	(2,045,000)
Capital lease obligations	(52,178)
Net Position of Governmental Activities	<u><u>\$ 7,078,463</u></u>

The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General	Other Governmental Funds	Total
REVENUES:			
Taxes	\$ 9,798,026	-	9,798,026
Intergovernmental	3,235,164	1,633,743	4,868,907
Interest	45,863	-	45,863
Tuition and fees	171,127	86,922	258,049
Charges for services	-	126,504	126,504
Miscellaneous	299,830	9,136	308,966
TOTAL REVENUES	13,550,010	1,856,305	15,406,315
EXPENDITURES:			
Current:			
Instructional services:			
Regular	1,598,003	-	1,598,003
Special	671,168	334,657	1,005,825
Vocational	4,127,714	759,256	4,886,970
Adult/Continuing	-	403,784	403,784
Other instruction	138,567	46,858	185,425
Support services:			
Pupils	669,210	36,426	705,636
Instructional staff	625,241	14,263	639,504
Board of education	98,042	-	98,042
Administration	1,231,294	595	1,231,889
Fiscal	533,470	-	533,470
Operation & maintenance of plant	1,600,409	-	1,600,409
Pupil transportation	33,767	2,464	36,231
Central	755,471	1,800	757,271
Operation of Non-Instructional services	-	232,007	232,007
Extracurricular	46,193	-	46,193
Debt service:			
Principal repayment	26,949	735,000	761,949
Interest	10,443	96,041	106,484
Capital outlay	-	91,842	91,842
TOTAL EXPENDITURES	12,165,941	2,754,993	14,920,934
<i>Excess (deficiency) of revenues over expenditures</i>	1,384,069	(898,688)	485,381
OTHER FINANCING SOURCES (USES):			
Transfers in	-	1,031,041	1,031,041
Transfers out	(1,031,041)	-	(1,031,041)
TOTAL OTHER FINANCING SOURCES (USES)	(1,031,041)	1,031,041	-
NET CHANGE IN FUND BALANCES	353,028	132,353	485,381
FUND BALANCES AT BEGINNING OF YEAR	9,756,680	500,819	10,257,499
FUND BALANCE AT END OF YEAR	\$ 10,109,708	633,172	10,742,880

The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center
*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, 2015*

Net Changes in Fund Balances - Total Governmental Funds \$ 485,381

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

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 in the current period.

	Capital outlay	\$ 1,401,857	
	Depreciation	1,020,095	381,762

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (289,537)

Repayment of bonds and lease payable are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and does not result in expenses in the statement of activities. 761,949

Contractually required pension contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows. 951,683

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. 1,186

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities (640,769)

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.

	Compensated absences	21,654	
	Loss on disposal of assets	(19,026)	
	Amortization of bond premium	19,782	

Change in Net Position of Governmental Activities \$ 1,674,065

The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2015

		Agency
ASSETS		
Equity in pooled cash and cash equivalents	\$	16,084
Accounts receivable		50
		16,134
TOTAL ASSETS		16,134
 LIABILITIES		
Due to Others		7,396
Accounts Payable		8,738
		16,134
TOTAL LIABILITIES	\$	16,134

The notes to the financial statements are an integral part of this statement.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 1. Description of the School District and Reporting Entity

Reporting Entity

The Tolles Career & Technical Center (the District) was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District had been supported by a 1.6 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program. At the request of the District's Board of Education, the Madison County Budget Commission reduced the District's continuing operating mills to .5 mills effective January, 2003. On November 20, 2006, the Madison County Budget Commission agreed to reinstate the District's millage to 1.3 mills effective January 1, 2007. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

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

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and with META Solutions, a jointly governed organization. These organizations are presented in Notes 13 and 14 to the basic financial statements.

Note 2. Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are reported in two categories: governmental and fiduciary.

Governmental Fund Types

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 and deferred outflows of resources is reported as fund balances. The District has one major governmental fund:

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The District's fiduciary fund is an agency fund. An agency fund is purely custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Measurement Focus/Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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 deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects 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 statements for governmental funds.

D. Basis of Accounting

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

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 the 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 District, available means expected to be received within sixty days of the fiscal year-end.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Revenues - Exchange and Non-Exchange Transactions (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category, deferred charges on pension cost is reported in the government-wide statement of net position. The deferred outflows related to pensions are explained in Note 10.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as deferred inflows on the government-wide statement of net position. The deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Note 10 for further information.

On the modified accrual basis of accounting, the District has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

Property taxes for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance year 2016 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources.

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

Expenses/Expenditures

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

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 Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". During the fiscal year all investments were limited to certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost. Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

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

F. Inventories

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

Inventories consist of donated and purchased food, and supplies held for resale, and materials and supplies for consumption.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

H. Capital Assets

Capital assets generally result from expenditures of governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The District maintains capitalization at \$300. The District does not have any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Building and Building Improvements	15 – 50 years
Furniture and Fixtures	5 – 25 years
Vehicles	5 – 15 years
Equipment	6 – 20 years

I. Interfund Assets/Liabilities

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 as well as those that are probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service.

K. Accrued Liabilities and Long-Term Obligations

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

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. Capital leases are recognized as a liability on the fund financial statements when due.

L. Interfund Transactions

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

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

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Non-spendable-resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted-resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed-resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned-resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned-residual fund balance within the General Fund that is not restricted, committed, or assigned.

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

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets are recorded net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

P. Unamortized Bond Premium and Deferred Amounts on Refunding

In the government-wide financial statements bond premiums and deferred amounts on refunding are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Deferred amounts on refunding are recorded as deferred outflows and amortized over the term of the related debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. 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 or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District has no restricted assets.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 2. Summary of Significant Accounting Policies (Continued)

S. Change in Accounting Principles and Restatement of Net Position

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported at June 30, 2014:

Net position June 30, 2014	\$22,665,822
Adjustments:	
Net Pension Liability	(18,157,131)
Deferred Outflow - Payments Subsequent to Measurement Date	895,707
Restated Net Position June 30, 2014	\$5,404,398

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

Note 3. Cash and Investments

A. Cash

The investment and deposit of the District's monies is governed by the provisions of the ORC. In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAR Ohio. During fiscal year 2015, investments were limited to STAR Ohio and CDs. Earnings on investments are credited to the General Fund except earnings specifically related to the Capital Projects Fund, Food Service Fund, and the Agency Fund which is in compliance with ORC Section 3315.01. In fiscal 2015 total investment income of \$45,863 was recorded in the General Fund, which includes \$5,583 assigned from other District 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 Securities Exchange Commission as an investment company, but does operate in a manner similar to 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, 2015.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 3. Cash and Investments (Continued)

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. State law does not require security for public deposits and investments to be maintained in the District's name. During 2015 the District and public depositories complied with the provisions of these statutes.

B. Deposits with Financial Institutions

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

At June 30, 2015, the carrying amount of all District deposits, inclusive of \$4,750,000 in certificates of deposits, was \$7,907,619. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2015, \$6,571,340 of the District's bank balance of \$8,178,884 was exposed to custodial risk as discussed above, while \$1,607,544 was covered by Federal Deposit Insurance Corporation. Additionally, the District had \$1,210 of cash on hand.

C. Investments

As of June 30, 2015, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
STAROhio	\$ 50	50	-	-	-

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

Credit Risk. The District does not have a formal policy limiting credit risk. Standard & Poor's has assigned StarOhio an AAAm money market rating.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 4. Property Taxes

Property taxes are levied, assessed and collected on a calendar year basis, while the District's fiscal year runs from July through June. They include amounts levied against all real, public utility, and tangible personal property located in the member's District boundaries. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is usually due January 20, with the remainder payable June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Madison, Franklin, Union, Delaware and Fayette Counties. Tax settlements are made each February and August for real property and each June and October for personal property taxes.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of fiscal year end, and for which there was an enforceable legal claim. Although, total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The receivable is offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2015 was \$3,792,857.

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

The full tax rate at the fiscal year ended June 30, 2015 for operations was \$1.60 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2015 taxes were collected were as follows:

Real Property - Commercial/Industrial	\$	1,468,157,360
Real Property - Residential/Agricultural		4,868,293,200
Personal Property - General		173,956,558
Total Assessment Value	\$	<u>6,510,407,118</u>

Note 5. Receivables

Receivables at June 30, 2015 consisted of taxes, accounts (tuition and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of federal funds.

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Note 5. Receivables (Continued)

A summary of the principal items of Intergovernmental Receivables follows:

Governmental Activities	Amount
Other Governmental Funds:	
High School To Work	\$ 3,794
Straight A	52,513
Food Service	9,205
Able Grant	70,783
CDP Grant	65,531
Misc. Federal Grants	13,252
Total Governmental Activities	\$ 215,078

Note 6. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Additions	Disposals	Balance June 30, 2015
Capital Assets used in:				
Governmental Activities				
Nondepreciable capital assets-				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total nondepreciable capital assets	150,000	-	-	150,000
Depreciable capital assets:				
Building and building improvements	21,798,307	-	-	21,798,307
Furniture and equipment	7,582,658	1,401,857	86,972	8,897,543
Vehicles	179,442	-	16,084	163,358
Total depreciable capital assets	29,560,407	1,401,857	103,056	30,859,208
Accumulated depreciation:				
Building and building improvements	9,377,755	519,801	-	9,897,556
Furniture and equipment	4,762,786	494,648	72,950	5,184,484
Vehicles	105,101	5,646	11,080	99,667
Total accumulated depreciation	14,245,642	1,020,095	84,030	15,181,707
Total depreciable capital assets, net	15,314,765	381,762	19,026	15,677,501
Total governmental activities capital assets, net	\$ 15,464,765	\$ 381,762	\$ 19,026	\$ 15,827,501

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Note 6. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instructional:		
Regular	\$	21,099
Special		4,079
Vocational		759,082
Adult/Continuing		309
Support services:		
Pupil		31,401
Instructional staff		115,840
Administration		7,457
Fiscal		1,579
Operation and maintenance of plant		60,996
Other operation of non-instructional services		17,829
Extra curricular activities		424
Total depreciation	<u>\$</u>	<u>1,020,095</u>

Note 7. Long-Term Obligations

During fiscal year 2015, the following changes occurred in governmental activities long-term obligations. The long-term obligations at June 30, 2014 have been restated as described in Note 2.

	Restated Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amounts due in One Year
Governmental Activities					
General obligations bonds	\$ 2,780,000	\$ -	\$ 735,000	\$ 2,045,000	\$ 655,000
Premium on issuance of general obligations bonds	79,721	-	19,782	59,939	19,782
Capital Leases Payable	79,127	-	26,949	52,178	31,454
Net Pension Liability	18,157,131	-	2,880,868	15,276,263	-
Compensated absences payable	<u>521,197</u>	<u>187,226</u>	<u>208,880</u>	<u>499,543</u>	<u>143,565</u>
-Total Governmental Activities Long term Obligation	<u>\$ 3,460,045</u>	<u>\$ 187,226</u>	<u>\$ 3,871,479</u>	<u>\$ 17,932,923</u>	<u>\$ 849,801</u>

Payments of principal and interest relating to the bonds and the capital lease agreement are recorded as expenditures in the Bond Retirement Fund (a nonmajor governmental fund) and General Fund, respectively. Compensated absences are paid from the General Fund for all funds except the Adult Education fund (a nonmajor governmental fund). See note 10 for further discussion of the Net Pension Liability.

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Note 7. Long-Term Obligations (Continued)

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. A portion of these bonds, \$650,000, were for the purchase and installation of energy conservation measures, which were initially, paid from existing General Fund monies. As a result, proceeds of \$650,000 were recorded in the General Fund. Bond issuance costs of \$121,375 were incurred in conjunction with the issuance. The effective interest rate on the bonds outstanding is 3.8%.

The following is a schedule of the future annual debt service requirements for the general obligation bonds:

Year	Principal	Interest	Total
2016	\$ 655,000	\$ 68,700	\$ 723,700
2017	680,000	42,000	722,000
2018	710,000	14,200	724,200
Total	<u>\$ 2,045,000</u>	<u>\$ 124,900</u>	<u>\$ 2,169,900</u>

Note 8. Capital Leases

The District entered into a capital lease agreement in fiscal year 2012 and retired a previous agreement early. The new agreement is for six copiers with a total value of \$ 129,381. Principal payments made from the General fund on the leases in 2015 and 2014 were \$26,949 and \$23,089, respectively.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments of June 30, 2015:

Year	Governmental Activities
2016	\$ 37,392
2017	21,772
Total	59,164
Less: Amount representing interest	(6,986)
Present Value of Net Minimum Lease Payments	<u>\$ 52,178</u>

Note 9. Interfund Activity

As of June 30, 2015 the General Fund advanced \$45,136 to the "Straight A" Special Revenue fund (a nonmajor governmental fund). This amount is recorded as an interfund receivable and payable. Operating transfers were made from the General Fund to Other Governmental Funds in the amounts of \$831,041, \$100,000 and \$100,000. These amounts were used to pay current year debt service, provide monies for capital activities, and subsidize the Adult Education Fund operations, respectively. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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Note 10. Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 10. Defined Benefit Pension Plans (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended 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, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contributions to SERS for the year ended June 30, 2015, was \$187,601, which equaled 100 percent of the required contributions.

State Teachers Retirement System

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 10. Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2015 was \$764,082, which was equal to 100% of the required contributions.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 10. Defined Benefit Pension Plans (Continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2015, six of the seven members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,463,262	\$12,813,001	\$15,276,263
Proportion of the Net Pension Liability	0.048672%	0.05267754%	
Pension Expense	<u>\$143,745</u>	<u>\$497,024</u>	\$640,769

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$20,965	\$123,353	\$144,318
School District contributions subsequent to the measurement date	<u>187,601</u>	<u>764,082</u>	<u>951,683</u>
Total Deferred Outflows of Resources	<u>\$208,566</u>	<u>\$887,435</u>	<u>\$1,096,001</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$399,794</u>	<u>\$2,370,454</u>	<u>\$2,770,248</u>
Total Deferred Inflows of Resources	<u>\$399,794</u>	<u>\$2,370,454</u>	<u>\$2,770,248</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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Note 10. Defined Benefit Pension Plans (Continued)

\$951,683 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$94,708)	(\$561,776)	(\$656,484)
2017	(94,708)	(561,776)	(656,484)
2018	(94,708)	(561,776)	(656,484)
2019	(94,705)	(561,773)	(656,478)
Total	(\$378,829)	(\$2,247,101)	(\$2,625,930)

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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Note 10. Defined Benefit Pension Plans (Continued)

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averages of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
 Total	 <u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$3,514,343	\$2,463,262	\$1,579,307

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 10. Defined Benefit Pension Plans (Continued)

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 10. Defined Benefit Pension Plans (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$18,343,208	\$12,813,001	\$8,136,307

Note 11. Postemployment Benefits Other than Pension Benefits

A. School Employee Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2015, the actuarially required allocation is .74%. The School District's contributions for the years ended June 30, 2015 was \$10,185.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 11. Postemployment Benefits Other than Pension Benefits (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2015, the health care allocation is .82%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was established at \$20,450. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2015, 2014, and 2013 were \$18,005, \$20,752, and \$23,161, respectively; with 100% being contributed for fiscal years 2015, 2014 and 2013.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

B. State Teachers Retirement System

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

Funding Policy –Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocated employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$55,583, and \$54,048 respectively; with 100 percent being contributed for fiscal years 2015, 2014 and 2013.

Note 12. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only administrative and twelve month school support personnel accumulate vacation based on the following factors:

<u>Years of Service</u>	<u>Vacation Days</u>
After 1 Year	10
5 or more Years	15
10 or more Years	20

All administrative personnel earn twenty days vacation annually.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 12. Compensated Absences (Continued)

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 335 days. Upon retirement, all employees with 20 year of service to the District receive 27% of accumulated sick leave. All other qualified employees receive 25% of accumulated sick leave.

Note 13. Risk Management

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$3,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$55,352,981 (subject to scheduled limits). The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions of coverage from the prior years.

B. Workers' Compensation-Public Entity Risk Pool

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 13. Risk Management (Continued)

C. Employee Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Council insurance purchasing program. The District has elected to provide employee medical/surgical benefits through United HealthCare and dental benefits through Oasis Trust, fully funded programs.

Note 14. Jointly Governed Organizations

META Solutions

The District is a participant in Meta Solutions which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). Meta Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. Meta Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2015, the District paid Meta Solutions \$45,120 for services. Financial information can be obtained from Scott Armstrong, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Note 15. Contingencies

A. Grants

The District 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

B. Litigation

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

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula of the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financials statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the District.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Note 16. Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into a Capital Maintenance Reserve. During the fiscal year ended June 30, 2015, the reserve activity was as follows:

	Capital Maintenance Reserve
Set-Aside Cash Balance as of July 1, 2014	\$ -
Current Year Set-Aside Requirement	100,849
Qualifying Disbursements	<u>(378,193)</u>
Total	<u><u>(277,344)</u></u>
Cash Balance Carried Forward to Fiscal Year 2016	<u><u>\$ -</u></u>

The District had qualifying disbursements during the year that reduced the set-aside amount below zero. These amounts may be used to reduce the set-aside requirement of future years. Negative amounts, however, are not presented as being carried forward to the next fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Tolles Career & Technical Center
Madison County
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 9,248,902	\$ 9,593,596	\$ 9,593,769	\$ (173)
Intergovernmental	3,195,783	3,233,783	3,235,164	(1,381)
Interest	23,000	43,000	43,640	(640)
Tuition and Fees	406,000	171,000	171,127	(127)
Miscellaneous	86,965	86,965	75,264	11,701
Total Revenues	<u>12,960,650</u>	<u>13,128,344</u>	<u>13,118,964</u>	<u>(9,380)</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,770,825	1,797,128	1,692,375	104,753
Special	705,000	696,589	687,795	8,794
Vocational	4,353,178	4,324,269	3,996,008	328,261
Other	161,300	161,750	138,943	22,807
Support Services:				
Pupils	726,700	738,003	688,283	49,720
Instructional Staff	600,815	676,793	632,830	43,963
Board of Education	94,200	131,468	113,844	17,624
Administration	1,315,300	1,427,741	1,193,343	234,398
Fiscal	482,100	491,069	482,450	8,619
Business	20,000	24,655	9,849	14,806
Operation and Maintenance of Plant	1,671,000	1,697,605	1,620,769	76,836
Pupil Transportation	22,000	36,680	33,767	2,913
Central	814,500	850,269	801,832	48,437
Operation of Non-Instructional/Shared Services:				
Food Service Operations	4,000	2,000	-	2,000
Extracurricular Activities:				
Academic Oriented Activities	1,500	1,500	1,385	115
Occupation Oriented Activities	78,950	81,950	51,240	30,710
Capital Outlay:				
Building Acquisition and Construction Services	1,000	1,000	-	1,000
Building Improvement Services	300,000	6,777	-	6,777
Total Expenditures	<u>13,122,368</u>	<u>13,147,246</u>	<u>12,144,713</u>	<u>1,002,533</u>
Excess of Revenues Over (Under) Expenditures	<u>(161,718)</u>	<u>(18,902)</u>	<u>974,251</u>	<u>993,153</u>
OTHER FINANCING SOURCES AND USES:				
Insurance Recoveries	-	39,000	39,666	666
Refund of Prior Year Expenditures	-	52,000	52,074	74
Transfers Out	(966,041)	(1,031,041)	(1,031,041)	-
Advances Out	-	(46,000)	(45,136)	864
Total Other Financing Sources and Uses	<u>(966,041)</u>	<u>(986,041)</u>	<u>(984,437)</u>	<u>1,604</u>
Net Change in Fund Balances	(1,127,759)	(1,004,943)	(10,186)	994,757
Fund Balance (Deficit) at Beginning of Year	6,531,495	6,531,495	6,531,495	-
Prior Year Encumbrances Appropriated	164,214	164,214	164,214	-
Fund Balance (Deficit) at End of Year	<u>\$ 5,567,950</u>	<u>\$ 5,690,766</u>	<u>\$ 6,685,523</u>	<u>\$ 994,757</u>

TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.0486720%	0.0486720%
District's Proportionate Share of the Net Pension Liability	\$ 2,463,262	\$ 2,894,368
District's Covered-Employee payroll	\$ 1,414,300	\$ 1,516,900
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.17%	190.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end

TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.05267754%	0.05267754%
District's Proportionate Share of the Net Pension Liability	\$ 12,813,001	\$ 15,262,763
District's Covered-Employee payroll	\$ 5,382,192	\$ 5,485,200
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	238.06%	278.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end

TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY
Required Supplementary Information
Schedule of District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 187,601	\$ 196,022	\$ 209,939	\$ 196,818
Contributions in Relation to the Contractually Required Contributions	(187,601)	(196,022)	(209,939)	(196,818)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 1,423,376	\$ 1,414,300	\$ 1,516,900	\$ 1,463,331
Contributions as a percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 181,232	\$ 188,275	\$ 127,781	\$ 115,080	\$ 121,935	\$ 105,572
(181,232)	(188,275)	(127,781)	(115,080)	(121,935)	(105,572)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,441,782	\$ 1,390,510	\$ 1,298,587	\$ 1,171,894	\$ 1,141,713	\$ 997,845
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY
Required Supplementary Information
Schedule of District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 764,082	\$ 699,685	\$ 713,076	\$ 717,572
Contributions in Relation to the Contractually Required Contributions	(764,082)	(699,685)	(713,076)	(717,572)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 5,457,729	\$ 5,382,192	\$ 5,485,200	\$ 5,519,785
Contributions as a percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 726,018	\$ 745,911	\$ 695,650	\$ 702,736	\$ 658,174	\$ 630,225
(726,018)	(745,911)	(695,650)	(702,736)	(658,174)	(630,225)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,584,754	\$ 5,737,777	\$ 5,351,154	\$ 5,405,662	\$ 5,062,877	\$ 4,847,885
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE A - BUDGETARY DATA

All funds, other than agency funds, 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, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education.

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

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis); and
- D. Investments are recorded at cost (budget basis) as opposed to fair value (GAAP basis).

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE B - RECONCILING BUDGET BASIS AND GAAP (Continued)

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

Changes in Fund Balance GAAP Basis	\$ 353,028
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals	(642,587)
Expenditure Accruals	(104,431)
Other financing Sources/(Uses)	46,604
Adjustment for encumbrances	260,574
Funds not budgeted	76,626
Budget Basis	<u>\$ (10,186)</u>

SUPPLEMENTARY INFORMATION

**TOLLES CAREER AND TECHNICAL CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Child Nutrition Grant Cluster:			
(C) (D) School Breakfast Program	10.553	2015	\$ 15,539
(E) (C) National School Lunch Program - Food Donations	10.555	2015	19,663
(C) (D) National School Lunch Program	10.555	2015	68,798
Total Child Nutrition Grant Cluster			88,461
Total U.S. Department of Agriculture			104,000
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
Adult Education_Basic Grants to States	84.002	2014	40,433
Adult Education_Basic Grants to States	84.002	2015	184,620
Adult Education_Basic Grants to States - EL/Civics	84.002	2015	20,507
Total Adult Education_Basic Grants to States			245,560
Career and Technical Education_Basic Grants to States	84.048	2014	63,669
Career and Technical Education_Basic Grants to States	84.048	2015	327,320
Total Career and Technincal Education_Basic Grants to States			390,989
Rural Education	84.358	2014	16,457
Rural Education	84.358	2015	40,329
Total Rural Education			56,786
Improving Teacher Quality State Grants	84.367	2014	164
Improving Teacher Quality State Grants	84.367	2015	1,470
Total Improving Teacher Quality State Grants			1,634
Total U.S. Department of Education			694,969
Total Federal Financial Assistance			\$ 798,969

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2015.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.



Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By *Government Auditing Standards*

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Tolles Career and Technical Center's basic financial statements and have issued our report thereon dated December 18, 2015, wherein we noted as discussed in Note 2, the Tolles Career and Technical Center adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Tolles Career and Technical Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Tolles Career and Technical Center's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Tolles Career and Technical Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Education
Tolles Career and Technical Center

Compliance and Other Matters

As part of reasonably assuring whether the Tolles Career and Technical 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Tolles Career and Technical Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Tolles Career and Technical Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
December 18, 2015



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable to
the Major Federal Program and on Internal Control Over Compliance
Required by OMB Circular A-133**

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Tolles Career and Technical Center's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Tolles Career and Technical Center's major federal program for the fiscal year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Tolles Career and Technical Center's major federal program.

Management's Responsibility

The Tolles Career and Technical Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Tolles Career and Technical Center's compliance for the Tolles Career and Technical Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Tolles Career and Technical Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Tolles Career and Technical Center's major program. However, our audit does not provide a legal determination of the Tolles Career and Technical Center's compliance.

Board of Education
Tolles Career and Technical Center

Opinion on the Major Federal Program

In our opinion, the Tolles Career and Technical Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2015.

Report on Internal Control Over Compliance

The Tolles Career and Technical Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Tolles Career and Technical Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Tolles Career and Technical 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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
December 18, 2015

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Dave Yost • Auditor of State

TOLLES CAREER AND TECHNICAL CENTER

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2016**