



Dave Yost • Auditor of State

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Vantage Career Center
Van Wert County
818 North Franklin Street
Van Wert, Ohio 45891

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vantage Career Center, Van Wert County, Ohio (the Career Center), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career 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 Career 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 Career 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, each major fund, and the aggregate remaining fund information of the Vantage Career Center, Van Wert County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Career Center adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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*, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2016, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 Career Center's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

March 11, 2016

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

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

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$1,246,639 which represents a 6.47% increase from 2014's restated net position.
- General revenues accounted for \$8,940,591 in revenue or 80.32% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$2,190,367 or 19.68% of total revenues of \$11,130,958.
- The Career Center had \$9,884,319 in expenses related to governmental activities; only \$2,190,367 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,940,591 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund, bond retirement fund, and permanent improvement fund. The general fund had \$7,925,204 in revenues and \$6,580,137 in expenditures and other financing uses. The general fund's fund balance increased \$1,345,067 from a balance of \$5,909,753 to \$7,254,820.
- The bond retirement fund had \$18,081,974 in revenues and other financing sources and \$17,780,353 in expenditures and other financing uses. The bond retirement fund's fund balance increased \$301,621 from \$1,013,940 to \$1,315,561.
- The permanent improvement fund had \$651,502 in revenues and \$559,976 in expenditures. The permanent improvement fund balance increased \$91,526 from \$988,127 to \$1,079,653.

Using the Basic Financial Statements (BFS)

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

The Career Center's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

All of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 22. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-55 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Career Center's net pension liability. The required supplementary information can be found on pages 57 through 64 of this report.

The Career Center as a Whole

The table below provides a summary of the Career Center's net position at June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

Net Position		
	Governmental Activities 2015	Restated Governmental Activities 2014
Assets:		
Current and other assets	\$17,516,686	\$14,759,581
Capital assets, net	34,869,789	36,102,539
Total assets	52,386,475	50,862,120
Deferred Outflows of Resources:		
Unamortized deferred charges on debt refunding	80,514	
Pension	649,940	539,669
Total deferred outflows of resources	730,454	539,669
Liabilities:		
Current liabilities	849,957	697,672
Long-term liabilities:		
Due within one year	974,648	558,033
Due in more than one year:		
Net pension liability	9,086,917	10,796,119
Other amounts	15,328,313	16,068,104
Total liabilities	26,239,835	28,119,928
Deferred Inflows of Resources:		
Property taxes and PILOTs levied for next year	4,707,824	4,000,838
Pensions	1,641,608	
Total deferred inflows of resources	6,349,432	4,000,838

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

**Net Position
(Continued)**

	Governmental Activities 2015	Restated Governmental Activities 2014
Net position:		
Net investment in capital assets	19,065,958	19,854,792
Restricted	4,057,921	3,570,464
Unrestricted (deficit)	(2,596,217)	(4,144,233)
Total net position	<u>\$20,527,662</u>	<u>\$19,281,023</u>

During 2015, the Career Center adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which 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 Career Center'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.

Governmental Accounting Standards Board 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 Career Center'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

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 government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Career Center 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.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

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 local government. 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 Career Center'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 Career Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$29,537,473 to \$19,281,023.

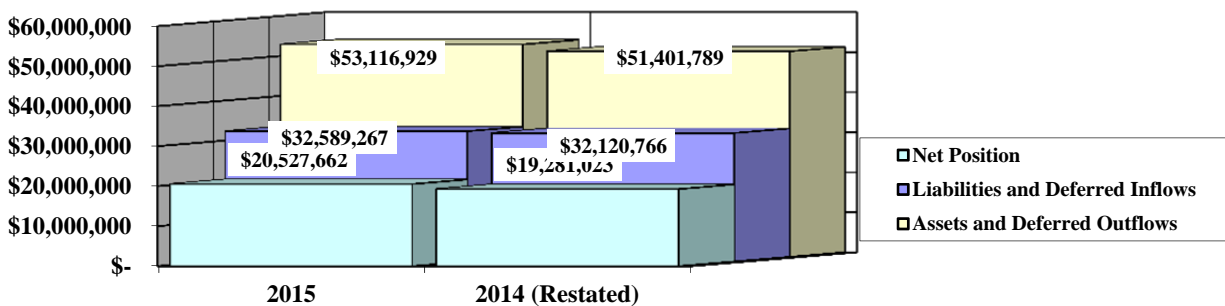
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the Career Center's assets and deferred outflows exceeded liabilities and deferred inflows by \$20,527,662.

At year-end, capital assets represented 66.56% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The Career Center's net investment in capital assets at June 30, 2015, was \$19,065,958. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$4,057,921, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$2,596,217).

The graph below shows the changes in net position for fiscal years 2015 and 2014. The amounts at June 30, 2014 have been restated as described in Note 3.A.

Governmental – Net Position



**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

The table below shows the changes in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

Change in Net Position		
	Governmental Activities 2015	Restated Governmental Activities 2014
Revenues:		
Program revenues:		
Charges for services and sales	\$1,053,662	\$1,020,553
Operating grants and contributions	1,136,705	1,207,300
General revenues:		
Property taxes	4,718,041	4,208,488
Payments in lieu of taxes	160,036	253,901
Grants and entitlements	3,987,463	4,186,407
Investment earnings	62,553	42,659
Miscellaneous	12,498	22,749
Total revenues	11,130,958	10,942,057
Expenses:		
Program expenses:		
Instruction:		
Regular	16,827	
Vocational	5,077,218	5,166,009
Adult education	476,443	481,079
Support services:		
Pupil	446,696	532,667
Instructional staff	814,492	695,151
Board of education	76,085	68,090
Administration	526,644	733,271
Fiscal	354,251	387,912
Business	29,293	26,061
Operations and maintenance	928,255	869,357
Pupil transportation	19,962	18,557
Central	140,642	133,771
Operation of non-instructional services:		
Other non-instructional services	7,290	33,871
Food service operations	223,454	191,083
Extracurricular activities	52,514	71,012
Interest and fiscal charges	694,253	855,633
Total expenses	9,884,319	10,263,524
Changes in net position	1,246,639	678,533
Net position at beginning of year (restated)	19,281,023	n/a
Net position at end of year	\$20,527,662	\$19,281,023

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

Governmental Activities

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, 2014 functional expenses still include pension expense of \$539,669 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. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$386,536.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

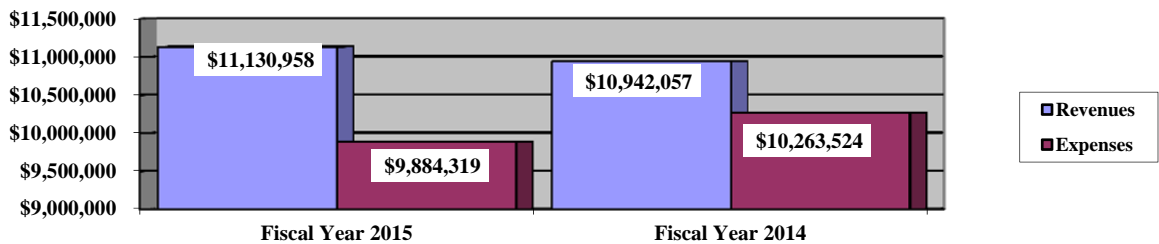
Total 2015 program expenses under GASB 68	\$9,884,319
Pension expense under GASB 68	(386,536)
2015 contractually required contributions	564,401
Adjusted 2015 program expenses	10,062,184
Total 2014 program expenses under GASB 27	10,263,524
Decrease in program expenses not related to pension	(\$201,340)

Net position of the Career Center's governmental activities increased \$1,246,639. Total governmental expenses of \$9,884,319 were offset by program revenues of \$2,190,367 and general revenues of \$8,940,591. Program revenues supported 22.16% of the total governmental expenses.

The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 78.21% of total governmental revenues. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions.

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2015 and 2014.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

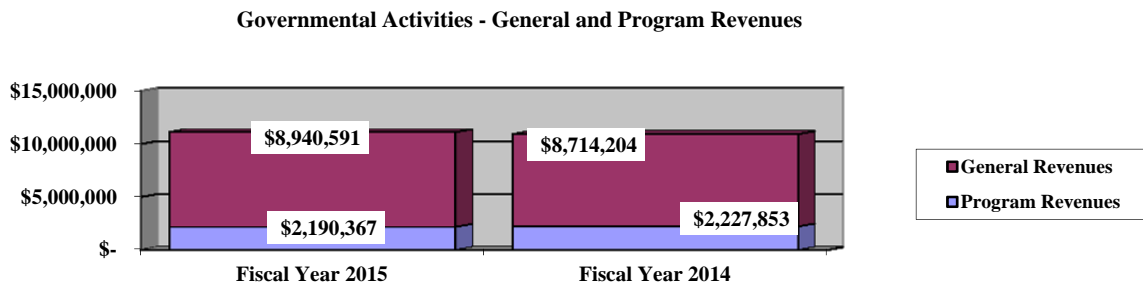
**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

Governmental Activities				
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Program expenses:				
Instruction:				
Regular	\$16,827	\$16,827		
Vocational	5,077,218	3,794,237	\$5,166,009	\$3,858,741
Adult education	476,443	82,970	481,079	126,382
Support services:				
Pupil	446,696	337,537	532,667	338,595
Instructional staff	814,492	726,730	695,151	649,072
Board of Education	76,085	76,085	68,090	68,090
Administration	526,644	427,481	733,271	637,142
Fiscal	354,251	353,397	387,912	386,661
Business	29,293	11,163	26,061	6,776
Operations and maintenance	928,255	917,348	869,357	851,383
Pupil transportation	19,962	19,962	18,557	18,557
Central	140,642	139,682	133,771	126,040
Operations of non-instructional services:				
Other non-instructional services	7,290	(191)	33,871	32,071
Food service operations	223,454	43,957	191,083	9,516
Extracurricular activities	52,514	52,514	71,012	71,012
Interest and fiscal charges	694,253	694,253	855,633	855,633
Total expenses	<u>\$9,884,319</u>	<u>\$7,693,952</u>	<u>\$10,263,524</u>	<u>\$8,035,671</u>

The dependence upon tax revenues during fiscal year 2015 for governmental activities is apparent, as 69.90% of 2015 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 77.84% in 2015.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2015 and 2014.



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$11,570,038, which is higher than last year's total of \$9,868,562. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

	Fund Balance June 30, 2015	Fund Balance June 30, 2014	Increase (Decrease)
General	\$7,254,820	\$5,909,753	\$1,345,067
Bond Retirement	1,315,561	1,013,940	301,621
Permanent Improvement	1,079,653	988,127	91,526
Other Governmental	1,920,004	1,956,742	(36,738)
Total	\$11,570,038	\$9,868,562	\$1,701,476

General Fund

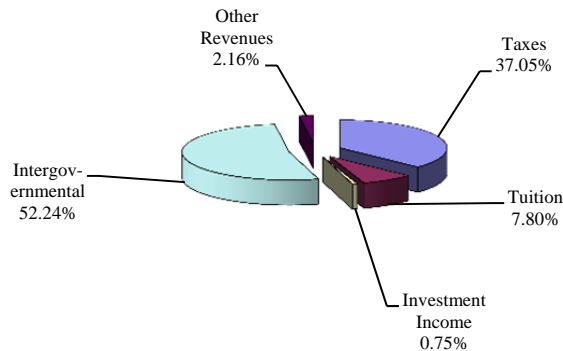
The Career Center's general fund balance increased \$1,345,067 as increasing revenues continue to outpace slightly increasing expenditures.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2015 Amount	2014 Amount	Percentage Change
Revenues:			
Taxes	\$2,936,284	\$2,786,873	5.36 %
Tuition	617,899	576,497	7.18 %
Interest earnings	59,164	39,917	48.22 %
Intergovernmental	4,140,526	4,158,613	(0.43) %
Other revenues	171,331	197,533	(13.26) %
Total	\$7,925,204	\$7,759,433	2.14 %

Tuition increased 7.18% due to increases in general vocational education and open enrollment. Interest earnings increased 48.22% due to an increase in the amount of investments the Career Center had during the fiscal year. Other revenues decreased 13.26% primarily due to a decrease in contract services. All other revenue remained comparable to the prior fiscal year.

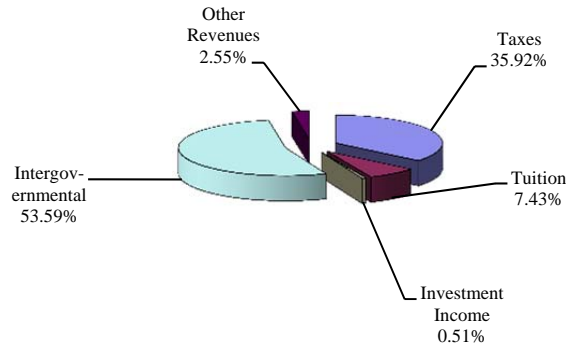
Revenues – Fiscal Year 2015



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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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Revenues – Fiscal Year 2014

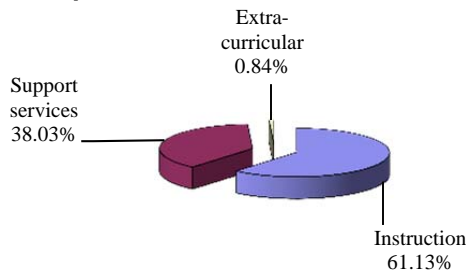


The table that follows assists in illustrating the expenditures of the general fund.

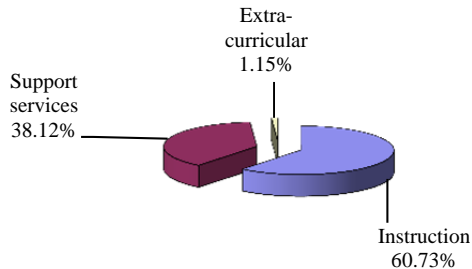
Expenditures:	2015 Amount	2014 Amount	Percentage Change
Instruction	\$3,832,558	\$3,762,054	1.87 %
Support services	2,384,758	2,361,186	1.00 %
Extracurricular activities	52,781	71,012	(25.67) %
Total	\$6,270,097	\$6,194,252	1.22 %

All expenditures remained comparable to the prior fiscal year.

Expenditures – Fiscal Year 2015



Expenditures – Fiscal Year 2014



**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

Bond Retirement Fund

The bond retirement fund had \$18,081,974 in revenues and other financing sources and \$17,780,353 in expenditures and other financing uses. The increased activity in the bond retirement fund is a result of a bond refunding by the Career Center in fiscal year 2015. The bond retirement fund's fund balance increased \$301,621 from \$1,013,940 to \$1,315,561.

Permanent Improvement Fund

The Permanent Improvement fund had \$651,502 in revenues and \$559,976 in expenditures. The Permanent Improvement fund balance increased \$91,526 from \$988,127 to \$1,079,653.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$7,930,672, which were \$301,179 higher than original budget and other financing sources estimates of \$7,629,493. Actual revenues and other financing sources were \$7,819,350; this was \$111,322 lower than final budgeted revenues and other financing sources.

General fund original and final appropriations (expenditures and other financing uses) were \$6,823,742. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$6,294,207 which was \$529,535 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the Career Center had \$34,869,789 invested in land, land improvements, buildings/improvements, furniture/equipment and vehicles. The following table shows June 30, 2015 balances compared to June 30, 2014:

Capital Assets at June 30 (Net of Depreciation)		
	Governmental Activities	
	2015	2014
Land	\$40,000	\$40,000
Land improvements	622,230	659,600
Building/improvements	30,416,285	31,057,750
Furniture/equipment	3,599,328	4,119,978
Vehicles	191,946	225,211
Total	<u>\$34,869,789</u>	<u>\$36,102,539</u>

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

Debt Administration

At June 30, 2015 the Career Center had \$17,976 in capital lease obligations outstanding and \$15,284,992 in general obligation refunding bonds payable. Of this total, \$855,136 is due within one year and \$14,447,832 is due in greater than one year. The following table summarizes the general obligation bonds and lease obligations outstanding.

	Outstanding Debt, at Year End	
	Governmental Activities 2015	Governmental Activities 2014
General obligation refunding bonds:	\$15,284,992	\$15,990,000
Capital lease obligations	17,976	23,112
Total	\$15,302,968	\$16,013,112

At June 30, 2015 the Career Center's overall legal debt margin was \$126,854,797 with an un-voted debt margin of \$1,564,714.

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

Current Financial Related Activity

The Vantage Career Center is committed to maintaining the highest standards of education and service to our students, parents, and community.

Our Board of Education and administration closely monitor the financial outlook of the Career Center by forecasting. By utilizing this tool, the Career Center has been able to avoid financial difficulty.

The Career Center's enrollment for fiscal year 2015 decreased slightly and for fiscal year 2016 has decreased again. But as the Career Center looks to the future, the Board of Education and administration are actively looking at marketing strategies that will keep our enrollment increasing. The Career Center must provide education that meets the workforce needs and also provides the students with as many industry credentials as possible. The Career Center is partnered with MIAT and Northwest State Community College to offer classes to the adult students in Alternative Energy and Machine Trades. Internships at the high school level are being implemented with area employers. The high school is continuing to offer educational classes that prepare the student for the workforce as well as higher education.

In closing, the financial outlook for the Career Center at this time is stable. The Board of Education is committed to providing the best possible education for high school and adult students.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Laura Peters, Treasurer, Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 11,893,247
Receivables:	
Property taxes	5,162,610
Payment in lieu of taxes	259,072
Accrued interest	4,632
Intergovernmental	89,796
Prepayments	14,518
Materials and supplies inventory.	88,526
Inventory held for resale.	4,285
Capital assets:	
Nondepreciable capital assets	40,000
Depreciable capital assets, net.	34,829,789
Capital assets, net	34,869,789
Total assets.	52,386,475
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	80,514
Pension - STRS	504,293
Pension - SERS	145,647
Total deferred outflows of resources	730,454
Liabilities:	
Accounts payable.	153,341
Accrued wages and benefits payable	554,463
Intergovernmental payable	21,291
Pension and postemployment benefits payable	82,342
Accrued interest payable	38,520
Long-term liabilities:	
Due within one year.	974,648
Due in more than one year:	
Net pension liability	9,086,917
Other amounts due in more than one year	15,328,313
Total liabilities	26,239,835
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	4,448,752
Payment in lieu of taxes levied for the next fiscal year	259,072
Pension - STRS.	1,359,160
Pension - SERS.	282,448
Total deferred inflows of resources	6,349,432
Net position:	
Net investment in capital assets	19,065,958
Restricted for:	
Capital projects	1,619,154
Classroom facilities maintenance	851,805
Debt service.	1,350,926
Federally funded programs	84,473
Other purposes	151,563
Unrestricted (deficit)	(2,596,217)
Total net position.	\$ 20,527,662

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 16,827	\$ -	\$ -	\$ (16,827)
Vocational	5,077,218	669,656	613,325	(3,794,237)
Adult/continuing.	476,443	177,918	215,555	(82,970)
Support services:				
Pupil.	446,696	10,486	98,673	(337,537)
Instructional staff	814,492	8,029	79,733	(726,730)
Board of education	76,085	-	-	(76,085)
Administration.	526,644	54,073	45,090	(427,481)
Fiscal.	354,251	854	-	(353,397)
Business.	29,293	18,130	-	(11,163)
Operations and maintenance	928,255	6,954	3,953	(917,348)
Pupil transportation.	19,962	-	-	(19,962)
Central	140,642	566	394	(139,682)
Operation of non-instructional services:				
Other non-instructional services	7,290	4,618	2,863	191
Food service operations	223,454	102,378	77,119	(43,957)
Extracurricular activities.	52,514	-	-	(52,514)
Interest and fiscal charges	694,253	-	-	(694,253)
Total governmental activities	\$ 9,884,319	\$ 1,053,662	\$ 1,136,705	(7,693,952)
General revenues:				
Property taxes levied for:				
General purposes				2,941,627
Debt service				1,283,581
Capital outlay				492,833
Payments in lieu of taxes				160,036
Grants and entitlements not restricted to specific programs				
				3,987,463
Investment earnings				62,553
Miscellaneous				12,498
Total general revenues				8,940,591
Change in net position				1,246,639
Net position at beginning of year (restated) .				19,281,023
Net position at end of year				\$ 20,527,662

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 7,552,271	\$ 1,218,125	\$ 1,170,988	\$ 1,951,863	\$ 11,893,247
Receivables:					
Property taxes	3,215,554	1,440,198	506,858	-	5,162,610
Payment in lieu of taxes	129,536	-	129,536	-	259,072
Accrued interest	4,632	-	-	-	4,632
Intergovernmental	-	-	-	89,796	89,796
Prepayments	10,582	-	-	3,936	14,518
Materials and supplies inventory	88,526	-	-	-	88,526
Inventory held for resale	-	-	-	4,285	4,285
Due from other funds	83,961	-	-	-	83,961
Total assets	<u>\$ 11,085,062</u>	<u>\$ 2,658,323</u>	<u>\$ 1,807,382</u>	<u>\$ 2,049,880</u>	<u>\$ 17,600,647</u>
Liabilities:					
Accounts payable	\$ 23,857	\$ -	\$ 125,846	\$ 3,638	\$ 153,341
Accrued wages and benefits payable	525,331	-	-	29,132	554,463
Compensated absences payable	57,983	-	-	-	57,983
Intergovernmental payable	18,876	-	-	2,415	21,291
Pension and postemployment benefits payable	71,612	-	-	10,730	82,342
Due to other funds	-	-	-	83,961	83,961
Total liabilities	<u>697,659</u>	<u>-</u>	<u>125,846</u>	<u>129,876</u>	<u>953,381</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	2,772,321	1,240,394	436,037	-	4,448,752
Payment in lieu of taxes levied for the next fiscal year	129,536	-	129,536	-	259,072
Delinquent property tax revenue not available	228,815	102,368	36,310	-	367,493
Accrued interest not available	1,911	-	-	-	1,911
Total deferred inflows of resources	<u>3,132,583</u>	<u>1,342,762</u>	<u>601,883</u>	<u>-</u>	<u>5,077,228</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	88,526	-	-	-	88,526
Prepays	10,582	-	-	3,936	14,518
Restricted:					
Debt service	-	1,315,561	-	-	1,315,561
Capital improvements	-	-	1,079,653	503,191	1,582,844
Adult education	-	-	-	208,646	208,646
Classroom facilities maintenance	-	-	-	851,805	851,805
Food service operations	-	-	-	47,775	47,775
Other purposes	-	-	-	3,335	3,335
Committed:					
Capital improvements	-	-	-	383,493	383,493
Assigned:					
Student instruction	631	-	-	-	631
Student and staff support	13,288	-	-	-	13,288
Other purposes	329,195	-	-	-	329,195
Unassigned (deficit)	6,812,598	-	-	(82,177)	6,730,421
Total fund balances	<u>7,254,820</u>	<u>1,315,561</u>	<u>1,079,653</u>	<u>1,920,004</u>	<u>11,570,038</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,085,062</u>	<u>\$ 2,658,323</u>	<u>\$ 1,807,382</u>	<u>\$ 2,049,880</u>	<u>\$ 17,600,647</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015

Total governmental fund balances		\$ 11,570,038
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,869,789
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 367,493	
Accrued interest receivable	1,911	
Total		369,404
Unamortized premiums on bonds issued are not recognized in the funds.		(581,377)
Unamortized amounts on refundings are not recognized in the funds.		80,514
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(38,520)
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 of resources - pension	649,940	
Deferred inflows of resources - pension	(1,641,608)	
Net pension liability	(9,086,917)	
Total		(10,078,585)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(15,313,475)	
Capital lease obligations	(17,976)	
Compensated absences	(332,150)	
Total		(15,663,601)
Net position of governmental activities		\$ 20,527,662

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$2,856,266	\$ 1,241,090	\$ 482,003	\$ -	\$ 4,579,359
Payment in lieu of taxes	80,018	-	80,018	-	160,036
Tuition	617,899	-	-	253,181	871,080
Earnings on investments	59,164	2,432	-	118	61,714
Charges for services	800	-	-	105,859	106,659
Extracurricular	2,724	-	-	-	2,724
Classroom materials and fees	20,147	-	-	-	20,147
Rental income	2,653	-	-	-	2,653
Contributions and donations	90,747	-	-	1,000	91,747
Contract services	45,686	-	-	4,712	50,398
Other local revenues	8,574	3,824	-	783	13,181
Intergovernmental - intermediate	27,599	-	-	-	27,599
Intergovernmental - state	4,112,927	173,483	89,481	208,407	4,584,298
Intergovernmental - federal	-	52,065	-	378,961	431,026
Total revenues	<u>7,925,204</u>	<u>1,472,894</u>	<u>651,502</u>	<u>953,021</u>	<u>11,002,621</u>
Expenditures:					
Current:					
Instruction:					
Regular	16,827	-	-	-	16,827
Vocational	3,815,731	-	259,311	73,258	4,148,300
Adult/continuing	-	-	19,440	448,514	467,954
Support services:					
Pupil	302,336	-	28	162,998	465,362
Instructional staff	496,350	-	253,778	59,644	809,772
Board of education	76,626	-	-	-	76,626
Administration	416,953	-	150	128,256	545,359
Fiscal	311,406	35,785	17,950	-	365,141
Business	29,293	-	-	-	29,293
Operations and maintenance	610,207	-	3,398	180,857	794,462
Pupil transportation	2,691	-	-	-	2,691
Central	138,896	-	585	1,311	140,792
Operation of non-instructional services:					
Other non-instructional services	-	-	-	7,290	7,290
Food service operations	-	-	-	190,408	190,408
Extracurricular activities	52,781	-	200	-	52,981
Facilities acquisition and construction	-	-	-	47,263	47,263
Debt service:					
Principal retirement	-	705,000	5,136	-	710,136
Interest and fiscal charges	-	430,488	-	-	430,488
Bond issuance costs	-	298,708	-	-	298,708
Total expenditures	<u>6,270,097</u>	<u>1,469,981</u>	<u>559,976</u>	<u>1,299,799</u>	<u>9,599,853</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,655,107</u>	<u>2,913</u>	<u>91,526</u>	<u>(346,778)</u>	<u>1,402,768</u>
Other financing sources (uses):					
Issuance of refunding bonds	-	15,989,992	-	-	15,989,992
Payment to refunded bond escrow agent	-	(16,310,372)	-	-	(16,310,372)
Premium on refunding bonds	-	619,088	-	-	619,088
Transfers in	-	-	-	310,040	310,040
Transfers (out)	(310,040)	-	-	-	(310,040)
Total other financing sources (uses)	<u>(310,040)</u>	<u>298,708</u>	<u>-</u>	<u>310,040</u>	<u>298,708</u>
Net change in fund balances	1,345,067	301,621	91,526	(36,738)	1,701,476
Fund balances at beginning of year	<u>5,909,753</u>	<u>1,013,940</u>	<u>988,127</u>	<u>1,956,742</u>	<u>9,868,562</u>
Fund balances at end of year	<u>\$7,254,820</u>	<u>\$ 1,315,561</u>	<u>\$ 1,079,653</u>	<u>\$ 1,920,004</u>	<u>\$ 11,570,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net change in fund balances - total governmental funds \$1,701,476

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.

Capital asset additions	\$198,201	
Current year depreciation	(1,428,785)	
Total		(1,230,584)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (2,166)

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

Property taxes	138,682	
Earnings on investments	839	
Intergovernmental	(11,184)	
Total		128,337

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds	705,000	
Capital leases	5,136	
Total		710,136

Issuances of bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (15,989,992)

Premiums on bond issuances are reported as other financing sources in the governmental funds but are amortized over the term of the issuance in the statement of activities. (619,088)

Payment to a refunded bond escrow agent for the retirement of bonds is reported as another financing use in the governmental funds; however, the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the term of the issuance in the statement of activities. The following refunding transactions occurred during the current period:

Bonds refunded	15,990,000	
Unamortized premium on bonds refunded	234,635	
Deferred charges on refundings	85,737	
Total		16,310,372

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:

Decrease in accrued interest payable	30,938	
Accreted interest on capital appreciation bonds	(28,483)	
Amortization of bond premiums	37,711	
Amortization of deferred charges	(5,223)	
Total		34,943

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows. 564,401

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (386,536)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 25,340

Change in net position of governmental activities \$1,246,639

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 2,785,283	\$ 2,886,811	\$ 2,886,811	\$ -
Payment in lieu of taxes.	80,018	80,018	80,018	-
Tuition.	533,956	601,860	601,260	(600)
Earnings on investments	34,130	61,019	61,918	899
Classroom materials and fees	14,712	20,200	20,147	(53)
Rental income	4,436	4,500	1,269	(3,231)
Contributions and donations	-	-	100	100
Other local revenues	9,857	10,000	8,293	(1,707)
Intergovernmental - intermediate	30,558	31,000	27,599	(3,401)
Intergovernmental - state	<u>4,029,543</u>	<u>4,111,264</u>	<u>4,112,927</u>	<u>1,663</u>
Total revenues	<u>7,522,493</u>	<u>7,806,672</u>	<u>7,800,342</u>	<u>(6,330)</u>
Expenditures:				
Current:				
Instruction:				
Vocational.	5,688,240	3,931,217	3,686,700	244,517
Support services:				
Pupil.	7,658	303,866	303,866	-
Instructional staff	67,839	488,338	488,338	-
Board of education	57,748	177,819	68,316	109,503
Administration.	23,892	380,661	380,661	-
Fiscal	133,318	343,588	309,768	33,820
Operations and maintenance.	333,897	595,599	553,904	41,695
Pupil transportation	3,993	2,736	2,736	-
Central.	50,054	134,873	134,873	-
Extracurricular activities.	<u>45,863</u>	<u>53,805</u>	<u>53,805</u>	<u>-</u>
Total expenditures	<u>6,412,502</u>	<u>6,412,502</u>	<u>5,982,967</u>	<u>429,535</u>
Excess of revenues over expenditures	<u>1,109,991</u>	<u>1,394,170</u>	<u>1,817,375</u>	<u>423,205</u>
Other financing sources (uses):				
Refund of prior year's expenditures	1,000	18,000	18,727	727
Transfers (out).	(311,240)	(311,240)	(311,240)	-
Advances in.	100,000	100,000	-	(100,000)
Advances (out)	(100,000)	(100,000)	-	100,000
Sale of capital assets	<u>6,000</u>	<u>6,000</u>	<u>281</u>	<u>(5,719)</u>
Total other financing sources (uses)	<u>(304,240)</u>	<u>(287,240)</u>	<u>(292,232)</u>	<u>(4,992)</u>
Net change in fund balance	805,751	1,106,930	1,525,143	418,213
Fund balance at beginning of year	5,753,143	5,753,143	5,753,143	-
Prior year encumbrances appropriated	<u>7,237</u>	<u>7,237</u>	<u>7,237</u>	<u>-</u>
Fund balance at end of year	<u>\$ 6,566,131</u>	<u>\$ 6,867,310</u>	<u>\$ 7,285,523</u>	<u>\$ 418,213</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	Agency
Assets:	
Equity in pooled cash and investments	\$ 57,041
Total assets	\$ 57,041
 Liabilities:	
Held for employees medical and dental reimbursements	\$ 14,723
Due to students	42,318
Total liabilities	\$ 57,041

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

1. DESCRIPTION OF THE CAREER CENTER

The Vantage Career Center (the "Career Center") was created under the provisions of Section 3311.18, of the Ohio Revised Code. The Career Center is operated under a Board of Education consisting of 1 member each from the participating districts that are appointed by their Boards of Education. The Board currently consists of 11 members.

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and non-programmed services. It is staffed by 31 non-certified employees and 50 certified full-time teaching personnel, who provide services to 434 full-time equivalent students and 669 adult education students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following organizations are described due to their relationship to the Career Center:

1. Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative (NOACSC) – The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts.

The Governing Board of NOACSC consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent school district. Financial information is available from Ray Burden, Director, at 645 South Main Street, Lima, Ohio 45804.

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

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have any proprietary funds.

1. Governmental Funds

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

The following are the Career Center's major governmental funds:

General fund – The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund – The bond retirement fund is used to account for the accumulation of restricted resources and payment of general obligation bond and note principal, interest and related costs.

Permanent improvement fund – A capital projects fund used to account for all transactions related to acquisition, construction, or improvement of capital facilities.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other governmental funds of the Career Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

2. Fiduciary Funds

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

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

2. Fund Financial Statements

Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

1. Revenues – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, deferred outflows of resources have been reported for the following two items related the Career Center's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Career Center's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center unavailable revenue includes, but is not limited to, delinquent property taxes and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The Career Center also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the Career Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

3. Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets

The Career Center is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2015 is as follows:

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

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

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2015.

By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the object level within the fund level, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund and object must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

Any revisions that alter the total of any fund and object appropriation must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2015. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control.

F. Cash and Investments

To improve cash management, cash received by the Career Center is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2015, investments were limited to negotiable and nonnegotiable certificates of deposits, Federal Home Loan Mortgage Corporation (FHLMC) Securities, Federal Farm Credit Bank (FFCB) Securities, Federal National Mortgage Association (FNMA) Securities and U.S. Government money market mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$59,164, which includes \$18,792 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Career Center's investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, 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. At fiscal year-end, because materials and supplies inventory are not available to finance future governmental fund expenditures, a non-spendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those related to government activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land improvements	10-20 years
Buildings/improvements	20 – 50 years
Furniture/equipment	5 – 20 years
Vehicles	6-8 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “due from/due to other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

Compensated absences of the Career Center consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Career Center and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service (including a minimum of 5 years of service with the Career Center); or 20 years’ service at any age were considered.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee's retirement/resignation has been incurred by fiscal year end. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees are paid.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

Non-spendable – The non-spendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted – Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service, a special trust and adult education.

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

N. Prepayments

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

O. Estimates

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

P. Interfund Activity

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The Career Center had no extraordinary or special items during fiscal year 2015.

S. Bond Issuance Costs, Unamortized Bond Premiums and Discounts, and Deferred Charges on Debt Refunding

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 10.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the refunded debt is amortized as a component of interest expense. This accounting gain or loss on refunding is amortized over the remaining term of the old debt or the term of the new debt, whichever is shorter, and is presented on the statement of net position as a deferred inflow of resources or a deferred outflow of resources.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the Career Center has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68".

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the Career Center's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented on pages 57 – 64.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and non-employer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$29,537,473
Deferred outflows – payments subsequent to measurement date	539,669
Net pension liability	(10,796,119)
Restated net position at July 1, 2014	\$19,281,023

Other than employer contributions subsequent to the measurement date, the Career Center made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

Non-major funds	Deficit
Vocational education enhancement	\$8
Vocational education	82,169

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Career Center into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasury Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

A. Cash on Hand

At fiscal year end, the Career Center had \$885 in un-deposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all Career Center deposits was \$6,503,300. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$1,782,332 of the Career Center's bank balance of \$6,582,035 was exposed to custodial risk as discussed below, while \$4,799,703 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

C. Investments

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

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

4. DEPOSITS AND INVESTMENTS (Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
Money market mutual funds	\$1,877,852	\$1,877,852				
FHLMC	571,926				\$275,830	\$296,096
FFCB	149,790			\$149,790		
FNMA	651,514				100,120	551,394
Negotiable CD's	2,195,021	200,000	\$1,097,029	648,058	249,934	
Total	<u>\$5,446,103</u>	<u>\$2,077,852</u>	<u>\$1,097,029</u>	<u>\$797,848</u>	<u>\$625,884</u>	<u>\$847,490</u>

The weighted average maturity of investments is 1.14 years.

Interest Rate Risk: Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The Career Center's investment policy places a five year limit on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk: The Career Center's federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. government money market mutual funds an AAAM money market rating. The non-negotiable certificate of deposit was covered by the FDIC. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agency, but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Money market mutual funds	\$1,877,852	34.49
FHLMC	571,926	10.50
FFCB	149,790	2.75
FNMA	651,514	11.96
Negotiable CD's	2,195,021	40.30
Total	<u>\$5,446,103</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2015:

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VAN WERT COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$6,503,300
Investments	5,446,103
Cash on hand	885
Total	<u>\$11,950,288</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$11,893,247
Agency funds	57,041
Total	<u>\$11,950,288</u>

5. INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2015 as reported on the fund statements, consist of the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Non-major governmental funds	<u>\$83,961</u>

The purpose of amounts due to/from other funds is to cover negative cash balances in the non-major governmental funds. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Non-major governmental funds	<u>\$310,040</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

6. PROPERTY TAXES

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

6. PROPERTY TAXES (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Van Wert, Auglaize, Paulding, Mercer and Putnam Counties. The County Auditors periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$214,418 in the general fund, \$97,436 in the bond retirement fund and \$34,511 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$244,964 in the general fund, \$102,913 in the bond retirement fund and \$43,591 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$1,198,752,870	92.62	\$1,458,493,720	93.21
Public utility personal	95,573,590	7.38	106,219,920	6.79
Total	<u>\$1,294,326,460</u>	<u>100.00</u>	<u>\$1,564,713,640</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$4.85		\$4.85	

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

7. RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, payments in lieu of taxes, intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$5,162,610
Payment in lieu of taxes	259,072
Intergovernmental	89,796
Accrued interest	4,632
Total receivables	<u>\$5,516,110</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected in the subsequent year.

8. CAPITAL ASSETS

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

	Balance 06/30/2014	Additions	Deductions	Balance 06/30/2015
Governmental activities				
Capital assets, not being depreciated:				
Land	\$40,000			\$40,000
Total capital assets, not being depreciated	40,000			40,000
Capital assets, being depreciated:				
Land improvements	736,709			736,709
Buildings/improvements	32,073,250			32,073,250
Furniture/equipment	7,388,253	\$192,201	(\$86,007)	7,494,447
Vehicles	387,325	6,000		393,325
Total capital assets, being depreciated	40,585,537	198,201	(86,007)	40,697,731
Less: accumulated depreciation:				
Land improvements	(77,109)	(37,370)		(114,479)
Buildings/improvements	(1,015,500)	(641,465)		(1,656,965)
Furniture/equipment	(3,268,275)	(710,685)	83,841	(3,895,119)
Vehicles	(162,114)	(39,265)		(201,379)
Total accumulated depreciation	(4,522,998)	(1,428,785)	83,841	(5,867,942)
Governmental activities capital assets, net	\$36,102,539	(\$1,230,584)	(\$2,166)	\$34,869,789

Depreciation expense was charged to governmental functions as follows:

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

8. CAPITAL ASSETS (Continued)

Instruction:	
Vocational	\$1,228,210
Adult education	20,937
Support services:	
Instructional staff	15,512
Administration	5,372
Fiscal	5,143
Operations and maintenance	101,501
Pupil transportation	17,271
Food service operations	34,839
Total depreciation expense	<u><u>\$1,428,785</u></u>

9. CAPITAL LEASES – LESSEE DISCLOSURE

In fiscal year 2014, the Career Center entered into a capitalized lease for a mailing machine. This lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds and as a reduction to the liability for the principal portion on the government-wide financial statements.

Capital assets consisting of a mailing machine have been capitalized in the amount of \$25,680. This amount represents the fair market value of the mailing machine at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2015 was \$8,988, leaving a book value of \$16,692. Principal payments in fiscal year 2015 totaled \$5,136 paid by the permanent improvement fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$5,136
2017	5,136
2018	5,136
2019	2,568
Total	<u><u>\$17,976</u></u>

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2015, the following activity occurred in long-term obligations. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

	Restated Balance Outstanding 06/30/2014	Additions	Reductions	Balance Outstanding 06/30/2015	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	\$15,990,000		(\$15,990,000)		
General obligation refunding bonds		\$15,290,000	(705,000)	\$14,585,000	\$850,000
Capital appreciation bonds		699,992		699,992	
Accreted interest		28,483		28,483	
Net pension liability	10,796,119		(1,709,202)	9,086,917	
Capital lease obligations	23,112		(5,136)	17,976	5,136
Compensated absences	378,390	87,858	(76,115)	390,133	119,512
Total long-term obligations, governmental activities	\$27,187,621	\$16,106,333	(\$18,485,453)	24,808,501	\$974,648
				581,377	
Add: Unamortized premium on refunding				<u>581,377</u>	
Total long-term obligations per Statement of Net Position				<u>\$25,389,878</u>	

Compensated absences are paid from the funds from which salaries are paid which include the general fund, adult education fund (a non-major governmental fund) and the vocational education fund (a non-major governmental fund).

Net Pension Liability: See Note 13 for more details.

General obligation bonds – On August 8, 2010, the Career Center issued general obligation bonds (Series 2010, School Facilities Improvement Bonds) for construction and renovation of Career Center buildings as part of the Ohio School Facilities Commission project. These bonds are general obligations of the Career Center, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds will be recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position.

This issue is comprised of serial and term bonds, par value \$8,264,000 and \$9,605,000, respectively, present value \$17,869,000 at August 8, 2010. These bonds were refunded during fiscal year 2015. There were no further obligations outstanding on this issuance at June 30, 2015.

Series 2014 Refunding Bonds – On July 9, 2014, the District issued Series 2014 Refunding general obligation bonds to refund \$15,990,000 of the District's Series 2010 general obligation bonds. The issuance proceeds of \$15,989,992 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and, accordingly, has been removed from the statement of net position. None of this refunded debt was outstanding at June 30, 2015.

The original issue was comprised of current interest serial refunding bonds, par value \$8,264,000, and current interest term refunding bonds, par value \$9,605,000. Interest payments on the current interest serial refunding bonds are due on June 1 and December 1 of each year until final maturity at December 1, 2037 at interest rates ranging from 0.6% to 6.37%. The current interest term refunding bonds bear an interest rate ranging from 1.0% to 4.0% with a final stated maturity at December 1, 2030.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

10. LONG-TERM OBLIGATIONS (Continued)

The capital appreciation bonds mature on December 1, 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date at stated approximate yields to maturity of 2.450%. The accreted value at maturity for the capital appreciation bonds is \$699,992. Total accreted interest of \$28,483 has been included in the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$85,737. This amount is amortized as a deferred outflow of resources over the remaining term of the refunding debt, which is equal to the life of the new debt issued. The advance refunding was undertaken to reduce combined future debt service payments by \$3,548,123.

Principal and interest payments to retire the long-term obligations are as follows:

Fiscal Year Ended June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$850,000	\$469,681	\$1,319,681			
2017	865,000	452,531	1,317,531			
2018	870,000	435,181	1,305,181			
2019	870,000	409,081	1,279,081			
2020	925,000	377,119	1,302,119			
2021 – 2025	3,820,000	1,558,882	5,378,882	\$699,992	\$230,008	\$930,000
2026 – 2030	5,320,000	679,875	5,999,875			
2031	1,065,000	17,972	1,082,972			
Total	<u>\$14,585,000</u>	<u>\$4,400,322</u>	<u>\$18,985,322</u>	<u>\$699,992</u>	<u>\$230,008</u>	<u>\$930,000</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that un-voted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$126,854,797 (including available funds of (\$1,315,561) and an un-voted debt margin of \$1,564,714.

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. A limited amount of staff who earn vacation benefits are able to buy-out 5 days of their vacation balance each year of their contract. Teachers do not earn vacation time.

**VANTAGE CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

11. EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for 25% of 140 of the accrued sick leave days up to 35 days. Prior to July 1, 2007, incentive days could be earned based on the number of unused sick days in a school year. Employees who accumulated incentive days prior to July 1, 2007, will retain those days but not be able to earn more days after July 1, 2007. Upon retirement, payment is made on incentive days up to a maximum of 29 days.

12. RISK MANAGEMENT

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2014.

Group Purchasing Pools

Better Business Bureau of Central Ohio Inc, and Sheakley

The Career Center participates in a Group Retrospective Rating Agreement for workers' compensation as established under Ohio Revised Code. The Group Retrospective Rating Program was established as a group insurance discounting pool. The Group Retrospective Rating Program is intended to reduce Workers Compensation costs for the participants. The program is a discounting program that pools all the participating entities performance into one pool. Once the pool's performance is determined, discounts are given back to the entities by the Bureau of Workers Compensation. The time period of refunds is two years beyond the year of claims. The Participation in the Group Retrospective Rating Program is limited to educational entities that can meet the group's selection criteria. Each participant must apply annually. The Group Retrospective Rating Program provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. Each year, the participating schools pay an enrollment fee to the Group Retrospective Rating Program to cover the costs of administering the program.

Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the Career Center's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

12. RISK MANAGEMENT (Continued)

Van Wert Area School Insurance Group (VWASIG)

The Career Center is a member of the VWASIG, a cooperative group of Van Wert County schools established to provide life insurance and pay medical/surgical, prescription drug, and dental benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member schools and is administered by Aetna through a Third Party Administrator, Huntington Insurance. Van Wert City School serves as the fiscal agent.

Post-employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the Career Center.

13. DEFINED BENEFIT PENSION PLANS

A. 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 Career Center'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 Career Center's obligation for this liability to annually required payments. The Career Center cannot control benefit terms or the manner in which pensions are financed; however, the Career Center 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 *pension and post-employment benefits payable* on both the accrual and modified accrual bases of accounting.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

B. Plan Description – School Employees Retirement System (SERS)

Plan Description –Career Center non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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 Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 Career Center’s contractually required contribution to SERS was \$130,836 for fiscal year 2015.

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)

Plan Description –Career Center 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.

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.

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(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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 Career Center 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 Career Center's contractually required contribution to STRS was \$433,565 for fiscal year 2015.

D. 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 Career Center's proportion of the net pension liability was based on the Career Center'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:

	SERS	STRS	Total
Proportionate share of the net pension liability	\$1,740,256	\$7,346,661	\$9,086,917
Proportion of the net pension liability	0.034386%	0.0302040%	
Pension expense	\$101,555	\$284,981	\$386,536

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

	SERS	STRS	Total
Deferred outflows of resources:			
Differences between expected and actual experience	\$14,811	\$70,728	\$85,539
Career Center contributions subsequent to the measurement date	130,836	433,565	564,401
Total deferred outflows of resources	<u>\$145,647</u>	<u>\$504,293</u>	<u>\$649,940</u>
Deferred inflows of resources:			
Net difference between projected and actual earnings on pension plan investments	\$282,448	\$1,359,160	\$1,641,608
Total deferred inflows of resources	<u>\$282,448</u>	<u>\$1,359,160</u>	<u>\$1,641,608</u>

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

\$564,401 reported as deferred outflows of resources related to pension resulting from Career Center 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:

<u>Fiscal Year Ending June 30:</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$66,909)	(\$322,108)	(\$389,017)
2017	(66,909)	(322,108)	(389,017)
2018	(66,909)	(322,108)	(389,017)
2019	(66,910)	(322,108)	(389,018)
Total	<u>(\$267,637)</u>	<u>(\$1,288,432)</u>	<u>(\$1,556,069)</u>

E. 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

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.

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(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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 averaged 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 earning 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 Career Center'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.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Career Center's proportionate share of the net pension liability	\$2,482,828	\$1,740,256	\$1,115,689

F. 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:

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

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.

Sensitivity of the Career Center’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Career Center’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 Career Center’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:

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

13. DEFINED BENEFIT PENSION PLANS (Continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	\$10,517,546	\$7,346,661	\$4,665,159

14. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description – The Career Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the Career Center's surcharge obligation was \$13,794.

The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$18,905, \$13,001, and \$15,300, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

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

14. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$31,004, and \$31,551 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

15. BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenues, expenditures and changes in fund balance – budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

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

15. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Balance	General fund
Budget basis	\$1,525,143
Net adjustment for revenue accruals	(33,019)
Net adjustment for expenditure accruals	(156,284)
Net adjustment for other sources/uses	(17,808)
Funds budgeted elsewhere *	9,131
Adjustment for encumbrances	17,904
GAAP basis	\$1,345,067

* Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the endowment fund, special rotary fund and the public school support fund.

16. CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Career Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula 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 Career Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Career Center.

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

17. SET-ASIDES

The Career Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside balance June 30, 2014	
Current year set-aside requirement	\$90,770
Current year offsets	(580,563)
Total	(\$489,793)
Balance carried forward to fiscal year 2016	\$0
Set-aside balance June 30, 2015	\$0

18. OTHER COMMITMENTS

The Career Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Career Center's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General	\$13,380
Permanent improvement	2,368
Other governmental	34,685
Total	\$50,433

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CAREER CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
Career Center's proportion of the net pension liability	0.03438600%	0.03438600%
Career Center's proportionate share of the net pension liability	\$ 1,740,256	\$ 2,044,825
Career Center's covered-employee payroll	\$ 999,185	\$ 997,514
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	204.99%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CAREER CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
Career Center's proportion of the net pension liability	0.03020401%	0.03020401%
Career Center's proportionate share of the net pension liability	\$ 7,346,661	\$ 8,751,294
Career Center's covered-employee payroll	\$ 3,086,015	\$ 3,155,085
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	277.37%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

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**VANTAGE CAREER CENTER
VAN WERT COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CAREER CENTER CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 130,836	\$ 138,487	\$ 138,056	\$ 135,217
Contributions in relation to the contractually required contribution	<u>(130,836)</u>	<u>(138,487)</u>	<u>(138,056)</u>	<u>(135,217)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered-employee payroll	\$ 1,007,560	\$ 999,185	\$ 997,514	\$ 1,005,331
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>
\$ 132,287	\$ 138,148	\$ 101,974	\$ 101,724	\$ 102,993	\$ 100,342
<u>(132,287)</u>	<u>(138,148)</u>	<u>(101,974)</u>	<u>(101,724)</u>	<u>(102,993)</u>	<u>(100,342)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,052,403	\$ 1,020,295	\$ 1,036,321	\$ 1,035,886	\$ 964,354	\$ 948,412
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**VANTAGE CAREER CENTER
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CAREER CENTER CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 433,565	\$ 401,182	\$ 410,161	\$ 444,766
Contributions in relation to the contractually required contribution	<u>(433,565)</u>	<u>(401,182)</u>	<u>(410,161)</u>	<u>(444,766)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered-employee payroll	\$ 3,152,345	\$ 3,086,015	\$ 3,155,085	\$ 3,421,277
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>
\$ 501,760	\$ 511,657	\$ 463,640	\$ 417,458	\$ 411,657	\$ 394,142
<u>(501,760)</u>	<u>(511,657)</u>	<u>(463,640)</u>	<u>(417,458)</u>	<u>(411,657)</u>	<u>(394,142)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,859,692	\$ 3,935,823	\$ 3,566,462	\$ 3,211,215	\$ 3,166,592	\$ 3,031,862
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Vantage Career Center
Van Wert County
818 North Franklin Street
Van Wert, Ohio 45891

To the Board of Education:

We have audited, 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, each major fund, and the aggregate remaining fund information of the Vantage Career Center, Van Wert County, (the Career Center) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 11, 2016 wherein we noted that the Career Center restated net position for the Governmental Activities due to implementation of Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Career 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career 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 Career 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.

Compliance and Other Matters

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 11, 2016



Dave Yost • Auditor of State

VANTAGE CAREER CENTER

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2016**