

Dave Yost • Auditor of State

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wayne County Schools Career Center
Wayne County
518 W. Prospect St.
Smithville, Ohio 44677

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 Wayne County Schools Career Center, Wayne 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 District'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 Wayne County Schools Career Center, Wayne County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Adult Education, and Classroom Facilities Maintenance Funds 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 No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. 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.

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2015, 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 District's internal control over financial reporting and compliance.

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

November 25, 2015

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**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

The discussion and analysis of the Wayne County Schools 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 2015 are as follows:

- The Career Center restated net position for 2014 as described in Note 3.A. The Career Center's net position of governmental activities increased \$1,160,553 which represents a 7.30% increase from 2014 as restated.
- General revenues accounted for \$10,478,009 in revenue or 63.40% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,049,738 or 36.60% of total revenues of \$16,527,747.
- The Career Center had \$15,367,194 in expenses related to governmental activities; only \$6,049,738 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,478,009 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund, adult education fund, classroom facilities maintenance fund and permanent improvement fund. The general fund had \$11,797,633 in revenues and \$11,065,585 in expenditures and other financing uses. The general fund's fund balance increased \$732,048 from a balance of \$8,116,672 to \$8,848,720.
- The adult education fund had \$1,632,827 in revenues and \$1,542,121 in expenditures. The adult education fund's fund balance increased \$90,706 from \$692,575 to \$783,281.
- The classroom facilities maintenance fund had \$933,932 in revenues and other financing sources and \$341,219 in expenditures. The classroom facilities maintenance fund's fund balance increased \$592,713 from \$1,640,160 to \$2,232,873.
- The permanent improvement fund had \$1,340,015 in revenues and other financing sources and \$1,361,072 in expenditures. The permanent improvement fund balance decreased \$21,057 from \$1,990,673 to \$1,969,616.

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.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

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, there are four governmental funds reported as major funds.

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 17-18 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 13. 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, adult education fund, classroom facilities maintenance fund and permanent improvement fund.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

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 19-25 of this report.

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 26. 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 27-60 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 61-68 of this report.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

The Career Center as a Whole

The statement of net position provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net position for 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
<u>Assets</u>		
Current assets	\$ 20,646,997	\$ 19,403,412
Capital assets, net	<u>25,256,611</u>	<u>26,222,774</u>
Total assets	<u>45,903,608</u>	<u>45,626,186</u>
<u>Deferred Outflows of Resources</u>		
Pensions	<u>1,172,847</u>	<u>966,131</u>
<u>Liabilities</u>		
Current liabilities	1,036,301	1,086,425
Long-term liabilities:		
Due within one year	1,186,273	1,131,499
Due in more than one year:		
Net pension liability	16,473,110	19,579,524
Other amounts	<u>2,834,091</u>	<u>3,991,862</u>
Total liabilities	<u>21,529,775</u>	<u>25,789,310</u>
<u>Deferred inflows</u>		
Property taxes levied for the next fiscal year	5,493,273	4,897,217
Pensions	<u>2,987,064</u>	<u>-</u>
Total deferred inflows	<u>8,480,337</u>	<u>4,897,217</u>
<u>Net Position</u>		
Net investment in capital assets	21,846,611	21,767,774
Restricted	5,104,623	5,043,858
Unrestricted (deficit)	<u>(9,884,891)</u>	<u>(10,905,842)</u>
Total net position	<u>\$ 17,066,343</u>	<u>\$ 15,905,790</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.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

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.

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 \$34,519,183 to \$15,905,790.

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 of resources by \$17,066,343.

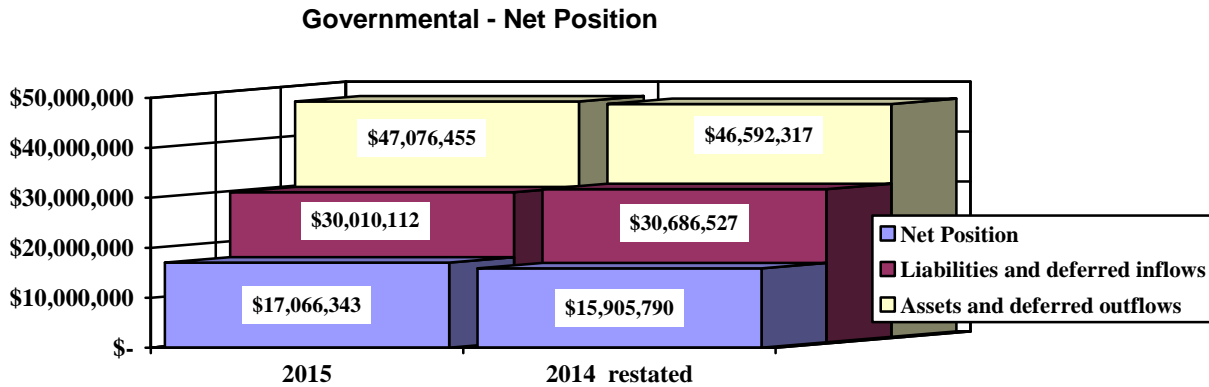
**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

At fiscal year-end, capital assets represented 55.02% 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 \$21,846,611. 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, \$5,104,623, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$9,884,891.

The graph below illustrates the Career Center's assets and deferred outflows, liabilities and deferred inflows of resources, and net position at June 30, 2015 and June 30, 2014.



The table that follows shows the changes in net position for governmental activities for fiscal years 2015 and 2014.

Change in Net Position

	Governmental Activities 2015	Restated Governmental Activities 2014
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,719,410	\$ 1,768,507
Operating grants and contributions	4,330,328	4,108,465
General revenues:		
Property taxes	5,721,700	6,084,770
Payments in lieu of taxes	21,229	47,230
Grants and entitlements not restricted to specific programs	4,684,037	4,714,048
Investment earnings	49,076	31,812
Miscellaneous	1,967	44,764
Total revenues	16,527,747	16,799,596

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Expenses

Program expenses:

Instruction:

Regular	\$ 2,318,174	\$ 2,120,325	
Special	33,959	29,660	
Vocational	5,515,992	5,549,333	
Adult education	1,291,159	1,521,233	

Support services:

Pupil	550,825	541,476	
Instructional staff	1,829,143	1,919,377	
Board of education	45,363	50,515	
Administration	852,993	1,098,711	
Fiscal	456,306	444,819	
Operations and maintenance	1,418,329	1,551,408	
Pupil transportation	19,842	12,770	
Central	94,463	107,037	

Operation of non-instructional services:

Food service operations	276,513	296,423	
Other non-instructional services	469,378	483,333	

Extracurricular activities 23,107 2,411

Interest and fiscal charges 171,648 214,516

Total expenses 15,367,194 15,943,347

Changes in net position 1,160,553 856,249

Net position at beginning of year (restated) 15,905,790 N/A

Net position at end of year \$ 17,066,343 \$ 15,905,790

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 \$966,131 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 \$691,167. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 15,367,194
Pension expense under GASB 68	(691,167)
2015 contractually required contributions	<u>1,017,233</u>
Adjusted 2015 program expenses	15,693,260
Total 2014 program expenses under GASB 27	<u>15,943,347</u>
Decrease in program expenses not related to pension	<u>\$ (250,087)</u>

Net position of the Career Center's governmental activities increased \$1,160,553. Total governmental expenses of \$15,367,194 were offset by program revenues of \$6,049,738 and general revenues of \$10,478,009. Program revenues supported 39.37% of the total governmental expenses.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 62.96% of total governmental revenues. Real estate property is reappraised every six years. On a GAAP basis, property tax revenues decreased \$363,070 due to fluctuations in the amounts collected by the county auditors and available as advance at fiscal year-end. The amounts available as advance for June 30, 2015 and June 30, 2014 were \$357,500 and \$736,550, respectively. These amounts vary depending upon when the tax bills are sent. 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.

Overall, expenses decreased \$576,153, or 3.62%, however, expenses not related to pension expenses decreased \$250,087, or 1.57%, from the previous year. The largest expense of the Career Center is for instructional programs. Instruction expenses totaled \$9,159,284 or 59.60% of total governmental expenses for fiscal year 2015.

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.

Governmental Activities

	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses:				
Instruction:				
Regular	\$ 2,318,174	\$ 1,967,285	\$ 2,120,325	\$ 1,948,763
Special	33,959	12,236	29,660	22,219
Vocational	5,515,992	2,775,792	5,549,333	2,881,084
Adult education	1,291,159	(86,557)	1,521,233	63,819
Support services:				
Pupil	550,825	415,178	541,476	380,339
Instructional staff	1,829,143	1,265,233	1,919,377	1,397,229
Board of Education	45,363	45,363	50,515	50,515
Administration	852,993	834,520	1,098,711	1,095,482
Fiscal	456,306	456,306	444,819	444,819
Operations and maintenance	1,418,329	1,418,329	1,551,408	1,541,703
Pupil transportation	19,842	19,842	12,770	12,770
Central	94,463	(6,986)	107,037	(194)
Operations of non-instructional services				
Food service operations	276,513	(6,243)	296,423	17,753
Other non-instructional services	469,378	42,645	483,333	(274)
Extracurricular activities	23,107	(7,135)	2,411	(4,168)
Interest and fiscal charges	<u>171,648</u>	<u>171,648</u>	<u>214,516</u>	<u>214,516</u>
Total expenses	<u>\$ 15,367,194</u>	<u>\$ 9,317,456</u>	<u>\$ 15,943,347</u>	<u>\$ 10,066,375</u>

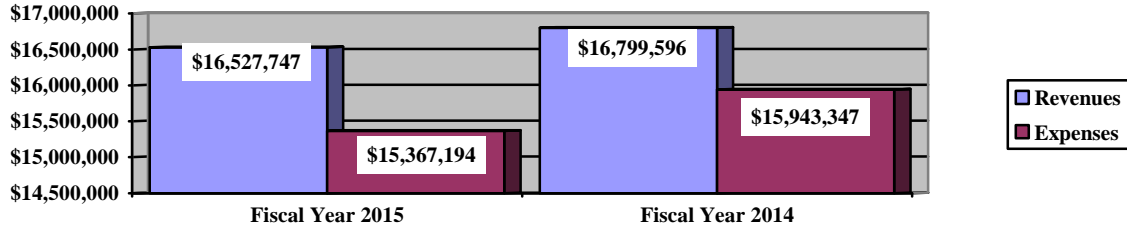
The dependence upon tax revenues during fiscal year 2015 for governmental activities is apparent, as 50.97% of 2015 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 60.63% in 2015.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

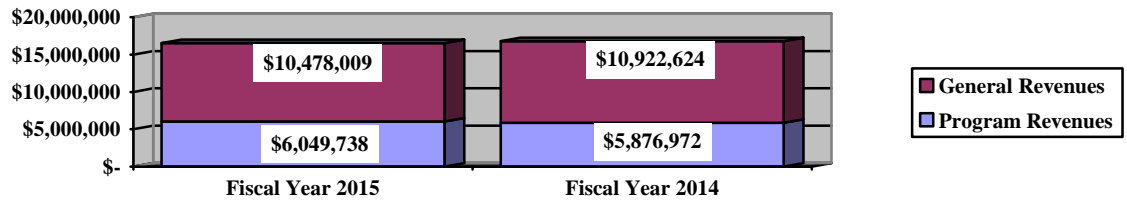
The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2015 and 2014.

Governmental Activities - Revenues and Expenses



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

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$13,984,461, which is higher than last year's total of \$13,202,220. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>Change</u>
General	\$ 8,848,720	\$ 8,116,672	\$ 732,048
Adult Education	783,281	692,575	90,706
Classroom Facilities Maintenance	2,232,873	1,640,160	592,713
Permanent Improvement	1,969,616	1,990,673	(21,057)
Other Governmental	<u>149,971</u>	<u>762,140</u>	<u>(612,169)</u>
Total	<u>\$ 13,984,461</u>	<u>\$ 13,202,220</u>	<u>\$ 782,241</u>

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

General Fund

The Career Center's general fund balance increased \$732,048 as decreasing revenues continue to outpace increasing expenditures. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 4,337,204	\$ 4,620,438	(6.13) %
Tuition	122,912	145,752	(15.67) %
Interest earnings	49,392	24,311	103.17 %
Intergovernmental	6,805,199	6,794,277	0.16 %
Other revenues	<u>482,926</u>	<u>443,914</u>	8.79 %
Total	<u>\$ 11,797,633</u>	<u>\$ 12,028,692</u>	(1.92) %

Actual tax cash collections increased \$218,185 from fiscal year 2014. On a GAAP basis, property tax revenues decreased \$283,234 due to fluctuations in the amounts collected by the county auditors and available as advance at fiscal year-end. The amounts available as advance for June 30, 2015 and June 30, 2014 were \$271,540 and \$554,931, respectively. The amount of tax advance available can vary depending upon when the tax bills are sent by the county auditors. Interest earnings increased 103.17% due to an increase in the amount of investments the Career Center had during the fiscal year. Other revenues, which includes refunds and reimbursements plus miscellaneous revenues, increased over fiscal year 2014 levels.

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 6,920,723	\$ 6,567,545	5.38 %
Support services	3,917,702	4,112,438	(4.74) %
Operation of non-instructional services	46,252	1,532	2,919.06 %
Extracurricular activities	<u>16,151</u>	<u>783</u>	1,962.71 %
Total	<u>\$ 10,900,828</u>	<u>\$ 10,682,298</u>	2.05 %

All expenditures remained comparable to the prior fiscal year by dollar amount. Instruction expenditures increased primarily in the areas of regular instruction and vocational instruction. Support services decreased primarily in administration expenditures.

Adult Education Fund

The adult education fund had \$1,632,827 in revenues and \$1,542,121 in expenditures. The adult education fund's fund balance increased \$90,706 from \$692,575 to \$783,281.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Classroom Facilities Maintenance Fund

The classroom facilities maintenance fund had \$933,932 in revenues and other financing sources and \$341,219 in expenditures. The classroom facilities maintenance fund's fund balance increased \$592,713 from \$1,640,160 to \$2,232,873. The classroom facilities maintenance fund received a transfer in of \$643,216 in fiscal year 2015.

Permanent Improvement Fund

The permanent improvement fund had \$1,340,015 in revenues and other financing sources and \$1,361,072 in expenditures. The permanent improvement fund balance decreased \$21,057 from \$1,990,673 to \$1,969,616 primarily due to a decrease in property tax revenue.

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 did not amend its general fund budget. 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, original and final budgeted revenues and other financing sources were \$11,440,500. Actual revenues and other financing sources were \$11,683,947; this was \$243,447 higher than final budgeted revenues and other financing sources. General fund original and final appropriations (expenditures and other financing uses) were \$11,327,298. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$11,041,316 which was \$285,982 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the Career Center had \$25,256,611 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. The following table shows fiscal year 2015 balances compared to 2014:

Capital Assets at June 30 (Net of Depreciation)		
	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Land	\$ 612,773	\$ 612,773
Land improvements	2,030,458	2,124,429
Building and improvements	21,654,535	22,484,939
Furniture and equipment	923,121	953,175
Vehicles	35,724	47,458
Total	<u>\$ 25,256,611</u>	<u>\$ 26,222,774</u>

See Note 9 to the basic financial statements for additional information on the Career Center's capital assets.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Debt Administration

At June 30, 2015, the Career Center had \$3,410,000 in long-term debt outstanding. Of this total, \$1,090,000 is due within one year. The following table summarizes the long-term debt outstanding at June 30, 2015 and June 30, 2014.

Outstanding Debt, at Year End

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Capital lease obligation	<u>\$ 3,410,000</u>	<u>\$ 4,455,000</u>

See Note 11 to the basic financial statements for additional information on the Career Center's capital lease obligation.

Current Financial Related Activity

The Career Center continues to have a positive financial outlook and will for the next few years unless changes in state and federal laws decrease income. The State of Ohio adopted the Biennial budget in June of 2015 (HB64). HB64 applies for fiscal year 2016 and 2017. This new funding model resulted in the phase out of the tangible personal property reimbursements. The Career Center received \$485,019 for this reimbursement and will be completely phased out by fiscal year 2018.

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 Mary Workman, Treasurer, Wayne County Career Center, 518 West Prospect Street, Smithville, Ohio 44677.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 14,514,091
Receivables:	
Property taxes	6,000,958
Accounts	70,708
Accrued interest	13,055
Intergovernmental	45,305
Prepayments	2,880
Capital assets:	
Nondepreciable capital assets	612,773
Depreciable capital assets, net.	24,643,838
Capital assets, net	<u>25,256,611</u>
Total assets.	<u>45,903,608</u>
 Deferred outflows of resources:	
Pension - STRS	938,487
Pension - SERS	234,360
Total deferred outflows of resources	<u>1,172,847</u>
 Liabilities:	
Accounts payable.	73,107
Accrued wages and benefits payable	725,515
Intergovernmental payable	164,722
Accrued vacation leave payable	49,564
Accrued interest payable	12,807
Unearned revenue	10,586
Long-term liabilities:	
Due within one year.	1,186,273
Due in more than one year:	
Net pension liability (See Note 14)	16,473,110
Other amounts due in more than one year	2,834,091
Total liabilities	<u>21,529,775</u>
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	5,493,273
Pension - STRS.	2,554,339
Pension - SERS.	432,725
Total deferred inflows of resources	<u>8,480,337</u>
 Net position:	
Net investment in capital assets	21,846,611
Restricted for:	
Capital projects	1,992,921
Classroom facilities maintenance	2,232,873
State funded programs.	383
Federally funded programs	12,152
Food service operations	144,173
Adult education programs	716,452
Other purposes	5,669
Unrestricted (deficit)	<u>(9,884,891)</u>
Total net position.	<u>\$ 17,066,343</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 2,318,174	\$ -	\$ 350,889	\$ (1,967,285)
Special	33,959	-	21,723	(12,236)
Vocational	5,515,992	401,036	2,339,164	(2,775,792)
Adult/continuing	1,291,159	918,256	459,460	86,557
Support services:				
Pupil	550,825	-	135,647	(415,178)
Instructional staff	1,829,143	279,195	284,715	(1,265,233)
Board of education	45,363	-	-	(45,363)
Administration	852,993	-	18,473	(834,520)
Fiscal	456,306	-	-	(456,306)
Operations and maintenance	1,418,329	-	-	(1,418,329)
Pupil transportation	19,842	-	-	(19,842)
Central	94,463	-	101,449	6,986
Operation of non-instructional services:				
Food service operations	276,513	115,428	167,328	6,243
Other non-instructional services	469,378	-	426,733	(42,645)
Extracurricular activities	23,107	5,495	24,747	7,135
Interest and fiscal charges	171,648	-	-	(171,648)
Total governmental activities	\$ 15,367,194	\$ 1,719,410	\$ 4,330,328	(9,317,456)

General revenues:

Property taxes levied for:	
General purposes	4,337,346
Capital outlay	1,093,638
Classroom facilities maintenance	290,716
Payments in lieu of taxes	21,229
Grants and entitlements not restricted to specific programs	4,684,037
Investment earnings	49,076
Miscellaneous	1,967
Total general revenues	10,478,009
Change in net position	1,160,553
Net position at beginning of year (restated)	15,905,790
Net position at end of year	\$ 17,066,343

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Adult Education	Classroom Facilities Maintenance	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash and investments	\$ 9,381,658	\$ 821,521	\$ 2,251,854	\$ 1,885,046	\$ 174,012	\$ 14,514,091
Receivables:						
Property taxes	4,558,046	-	290,716	1,152,196	-	6,000,958
Accounts	27,547	40,883	2,278	-	-	70,708
Accrued interest	13,055	-	-	-	-	13,055
Intergovernmental	-	3,166	-	-	42,139	45,305
Prepayments	-	2,880	-	-	-	2,880
Total assets	<u>\$ 13,980,306</u>	<u>\$ 868,450</u>	<u>\$ 2,544,848</u>	<u>\$ 3,037,242</u>	<u>\$ 216,151</u>	<u>\$ 20,646,997</u>
Liabilities:						
Accounts payable	\$ 27,545	\$ 21,106	\$ 16,749	\$ 1,390	\$ 6,317	\$ 73,107
Accrued wages and benefits payable	644,948	37,546	3,679	-	39,342	725,515
Intergovernmental payable	143,117	10,831	831	-	9,943	164,722
Unearned revenue	-	10,586	-	-	-	10,586
Total liabilities	<u>815,610</u>	<u>80,069</u>	<u>21,259</u>	<u>1,390</u>	<u>55,602</u>	<u>973,930</u>
Deferred inflows of resources:						
Property taxes levied for the next fiscal year	4,172,433	-	290,716	1,030,124	-	5,493,273
Delinquent property tax revenue not available	114,073	-	-	36,112	-	150,185
Accrued interest not available	7,123	-	-	-	-	7,123
Intergovernmental revenue not available	-	-	-	-	10,578	10,578
Tuition revenue not available	22,347	5,100	-	-	-	27,447
Total deferred inflows of resources	<u>4,315,976</u>	<u>5,100</u>	<u>290,716</u>	<u>1,066,236</u>	<u>10,578</u>	<u>5,688,606</u>
Fund balances:						
Nonspendable:						
Prepays	-	2,880	-	-	-	2,880
Restricted:						
Capital improvements	-	-	-	1,969,616	-	1,969,616
Adult education	-	780,401	-	-	1,574	781,975
Classroom facilities maintenance	-	-	2,232,873	-	-	2,232,873
Food service operations	-	-	-	-	147,048	147,048
Other purposes	-	-	-	-	6,855	6,855
Assigned:						
Student instruction	164,982	-	-	-	-	164,982
Student and staff support	264,587	-	-	-	-	264,587
School supplies	258,521	-	-	-	-	258,521
Other purposes	40,271	-	-	-	-	40,271
Unassigned	8,120,359	-	-	-	(5,506)	8,114,853
Total fund balances	<u>8,848,720</u>	<u>783,281</u>	<u>2,232,873</u>	<u>1,969,616</u>	<u>149,971</u>	<u>13,984,461</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,980,306</u>	<u>\$ 868,450</u>	<u>\$ 2,544,848</u>	<u>\$ 3,037,242</u>	<u>\$ 216,151</u>	<u>\$ 20,646,997</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Total governmental fund balances		\$ 13,984,461
<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.		25,256,611
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 150,185	
Accounts receivable	27,447	
Accrued interest receivable	7,123	
Intergovernmental receivable	10,578	
Total	195,333	195,333
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(12,807)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - Pension	1,172,847	
Deferred Inflows - Pension	(2,987,064)	
Net pension liability	(16,473,110)	
Total	(18,287,327)	(18,287,327)
Long-term liabilities, including capital leases, are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligations	(3,410,000)	
Accrued vacation leave	(49,564)	
Compensated absences	(610,364)	
Total	(4,069,928)	(4,069,928)
Net position of governmental activities		\$ 17,066,343

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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

	General	Adult Education	Classroom Facilities Maintenance	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
From local sources:						
Property taxes	\$ 4,337,204	\$ -	\$ 290,716	\$ 1,094,814	\$ -	\$ 5,722,734
Payment in lieu of taxes	16,219	-	-	5,010	-	21,229
Tuition	122,912	975,202	-	-	-	1,098,114
Earnings on investments	49,392	-	-	-	131	49,523
Charges for services	-	-	-	-	115,428	115,428
Extracurricular	1,619	-	-	-	3,876	5,495
Classroom materials and fees	156,383	232,484	-	-	-	388,867
Contributions and donations	169,805	5,076	-	-	5,400	180,281
Contract services	136,649	2,893	-	-	-	139,542
Other local revenues	2,251	22	-	-	-	2,273
Intergovernmental - state	6,805,199	386,796	-	198,345	314,702	7,705,042
Intergovernmental - federal	-	30,354	-	-	1,092,837	1,123,191
Total revenues	11,797,633	1,632,827	290,716	1,298,169	1,532,374	16,551,719
Expenditures:						
Current:						
Instruction:						
Regular	1,924,127	-	-	-	344,967	2,269,094
Special	18,134	-	-	-	-	18,134
Vocational	4,957,405	-	-	-	142,749	5,100,154
Adult/continuing	21,057	1,182,563	-	-	105,209	1,308,829
Support services:						
Pupil	408,814	-	-	-	137,155	545,969
Instructional staff	1,390,854	359,558	-	-	95,353	1,845,765
Board of education	46,173	-	-	-	-	46,173
Administration	814,311	-	-	-	16,541	830,852
Fiscal	422,869	-	-	33,525	-	456,394
Operations and maintenance	826,348	-	227,845	-	-	1,054,193
Pupil transportation	8,333	-	-	-	-	8,333
Central	-	-	-	-	101,199	101,199
Operation of non-instructional services:						
Food service operations	-	-	-	-	250,032	250,032
Other non-instructional services	46,252	-	-	-	424,077	470,329
Extracurricular activities	16,151	-	-	-	6,956	23,107
Facilities acquisition and construction	-	-	113,374	107,306	-	220,680
Debt service:						
Principal retirement	-	-	-	1,045,000	-	1,045,000
Interest and fiscal charges	-	-	-	175,241	-	175,241
Total expenditures	10,900,828	1,542,121	341,219	1,361,072	1,624,238	15,769,478
Excess of revenues over (under) expenditures	896,805	90,706	(50,503)	(62,903)	(91,864)	782,241
Other financing sources (uses):						
Transfers in	-	-	643,216	41,846	-	685,062
Transfers (out)	(164,757)	-	-	-	(520,305)	(685,062)
Total other financing sources (uses)	(164,757)	-	643,216	41,846	(520,305)	-
Net change in fund balances	732,048	90,706	592,713	(21,057)	(612,169)	782,241
Fund balances at beginning of year	8,116,672	692,575	1,640,160	1,990,673	762,140	13,202,220
Fund balances at end of year	\$ 8,848,720	\$ 783,281	\$ 2,232,873	\$ 1,969,616	\$ 149,971	\$ 13,984,461

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	782,241
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 297,367	
Current year depreciation	<u>(1,260,463)</u>	
Total		(963,096)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(3,067)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(1,034)	
Tuition	(8,203)	
Earnings on investments	(316)	
Other local	(24,336)	
Intergovernmental	<u>9,917</u>	
Total		(23,972)
Repayment of 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:		
		1,045,000
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		
		3,593
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,017,233
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(691,167)
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.		
		<u>(6,212)</u>
Change in net position of governmental activities	\$	<u>1,160,553</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**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>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 4,425,000	\$ 4,425,000	\$ 4,620,595	\$ 195,595
Payment in lieu of taxes	17,000	17,000	16,219	(781)
Tuition and fees	128,872	128,872	122,525	(6,347)
Earnings on investments	25,700	25,700	37,114	11,414
Rental income	3,700	3,700	-	(3,700)
Contributions and donations	3,300	3,300	5,238	1,938
Contract services	11,428	11,428	53,475	42,047
Intergovernmental - state	6,803,500	6,803,500	6,805,200	1,700
Total revenues	<u>11,418,500</u>	<u>11,418,500</u>	<u>11,660,366</u>	<u>241,866</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,834,483	1,834,483	1,922,210	(87,727)
Vocational	5,099,739	5,122,066	4,943,307	178,759
Support services:				
Pupil	419,461	419,273	421,015	(1,742)
Instructional staff	1,398,475	1,399,475	1,316,646	82,829
Board of education	60,912	60,912	46,177	14,735
Administration	911,768	911,768	869,653	42,115
Fiscal	499,260	431,703	424,321	7,382
Operations and maintenance	923,936	924,873	869,269	55,604
Pupil transportation	2,007	2,007	7,980	(5,973)
Other operation of non-instructional services	-	43,481	43,481	-
Total expenditures	<u>11,150,041</u>	<u>11,150,041</u>	<u>10,864,059</u>	<u>285,982</u>
Excess of revenues over expenditures	<u>268,459</u>	<u>268,459</u>	<u>796,307</u>	<u>527,848</u>
Other financing sources (uses):				
Refund of prior year's expenditures	21,500	21,500	23,581	2,081
Transfers (out)	(177,257)	(177,257)	(177,257)	-
Sale of capital assets	500	500	-	(500)
Total other financing sources (uses)	<u>(155,257)</u>	<u>(155,257)</u>	<u>(153,676)</u>	<u>1,581</u>
Net change in fund balance	113,202	113,202	642,631	529,429
Fund balance at beginning of year	7,784,467	7,784,467	7,784,467	-
Prior year encumbrances appropriated	181,541	181,541	181,541	-
Fund balance at end of year	<u>\$ 8,079,210</u>	<u>\$ 8,079,210</u>	<u>\$ 8,608,639</u>	<u>\$ 529,429</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Tuition	\$ 1,100,000	\$ 1,100,000	\$ 970,672	\$ (129,328)
Classroom materials and fees	200,000	200,000	232,484	32,484
Rental income	5,600	5,600	-	(5,600)
Contributions and donations	-	-	5,076	5,076
Contract services	1,500	1,500	2,893	1,393
Other local revenues	-	-	22	22
Intergovernmental - state	300,000	300,000	386,796	86,796
Intergovernmental - federal	45,000	45,000	27,188	(17,812)
Total revenues	<u>1,652,100</u>	<u>1,652,100</u>	<u>1,625,131</u>	<u>(26,969)</u>
Expenditures:				
Current:				
Instruction:				
Adult/continuing	1,348,354	1,348,354	1,256,209	92,145
Support services:				
Instructional staff	<u>368,334</u>	<u>368,334</u>	<u>361,860</u>	<u>6,474</u>
Total expenditures	<u>1,716,688</u>	<u>1,716,688</u>	<u>1,618,069</u>	<u>98,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(64,588)</u>	<u>(64,588)</u>	<u>7,062</u>	<u>71,650</u>
Other financing sources:				
Refund of prior year's expenditures	<u>-</u>	<u>-</u>	<u>3,345</u>	<u>3,345</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,345</u>	<u>3,345</u>
Net change in fund balance	(64,588)	(64,588)	10,407	74,995
Fund balance at beginning of year	752,994	752,994	752,994	-
Prior year encumbrances appropriated	21,250	21,250	21,250	-
Fund balance at end of year	<u>\$ 709,656</u>	<u>\$ 709,656</u>	<u>\$ 784,651</u>	<u>\$ 74,995</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
Current:				
Support services:				
Operations and maintenance	\$ 346,150	\$ 346,150	\$ 293,431	\$ 52,719
Facilities acquisition and construction	120,000	120,000	113,374	6,626
Total expenditures	<u>466,150</u>	<u>466,150</u>	<u>406,805</u>	<u>59,345</u>
Excess of expenditures over revenues	(466,150)	(466,150)	(406,805)	59,345
Other financing sources:				
Refund of prior year's expenditures	-	-	284	284
Transfers in	933,932	933,932	933,932	-
Total other financing sources	<u>933,932</u>	<u>933,932</u>	<u>934,216</u>	<u>284</u>
Net change in fund balance	467,782	467,782	527,411	59,629
Fund balance at beginning of year	1,640,384	1,640,384	1,640,384	-
Prior year encumbrances appropriated	35,750	35,750	35,750	-
Fund balance at end of year	<u>\$ 2,143,916</u>	<u>\$ 2,143,916</u>	<u>\$ 2,203,545</u>	<u>\$ 59,629</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2015**

	Agency
Assets:	
Equity in pooled cash and investments	\$ 137,100
Total assets.	\$ 137,100
 Liabilities:	
Accounts payable.	\$ 1,272
Undistributed monies	19,875
Due to students.	115,953
Total liabilities	\$ 137,100

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Wayne County Schools Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a thirteen member Board of Education consisting of a representative from the participating school districts' elected Boards. The Career Center is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board possesses its own budgeting and taxing authority. The Career Center provides educational services as mandated by statute and/or federal agencies and operates one instructional/support facility. The Career Center is staffed by 32 classified employees and 81 certified teaching personnel who provide services to 733 students and other community members.

NOTE 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).

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

JOINTLY GOVERNED ORGANIZATION

Midland Council of Governments (the "Midland COG")

The Midland COG is a jointly governed organization among twenty-two boards of education. The Midland COG was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Midland COG is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services. During the fiscal year ended June 30, 2015, the Career Center paid \$57,573 to the Midland COG for basic service charges.

Representation on the Midland COG consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Midland COG is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

INSURANCE POOLS

Stark County Schools Council of Governments (the "Council")

The Career Center participates in the Council for purpose of providing employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of 79 entities, most of which are school districts.

Ohio School Plan (the "Plan")

The Career Center participates in the Plan, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member Board consisting of superintendents, treasurers, and a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

The Career Center's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. These statements usually distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the Career center has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Career Center.

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

C. 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 Career Center has no proprietary funds.

GOVERNMENTAL FUNDS

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

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Adult education fund - The adult education fund accounts for financial resources restricted to educational opportunities offered on a tuition basis to adults living within the community.

Classroom facilities maintenance fund - The classroom facilities maintenance fund accounts for financial resources restricted to the maintenance and upkeep of Career Center facilities.

Permanent improvement fund - The permanent improvement fund accounts for property taxes restricted for the acquisition, construction, or improvement of capital facilities.

Other governmental funds of the Career Center are used to account for specific revenue sources that are restricted to expenditures for specified purposes.

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. The Career Center's only fiduciary funds are agency funds. 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 adult education direct loan rotary activities.

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets/deferred outflows of resources and current liabilities/deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Basis of Accounting

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

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, 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 nonexchange transactions must also be available before it can be recognized.

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

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.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 and unavailable revenue. Property 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 intergovernmental grants. 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.

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 fund financial statements as an expenditure with a like amount reported as intergovernmental 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.

F. Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2015.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Lapsing of Appropriations

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

G. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Interest in the pool is presented as "equity in pooled cash and investments".

During fiscal year 2015, the Career Center's investments included nonnegotiable certificates of deposit, a U.S. Government money market mutual fund, a repurchase agreement, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities and U.S. Treasury notes. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price.

The Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2015 was \$49,392, which includes \$18,168 assigned from other Career Center funds.

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

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

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Career Center had no restricted assets at June 30, 2015.

J. Capital Assets

General capital assets 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.

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 \$5,000 for its general capital assets. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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:

<u>Description</u>	<u>Estimated Useful lives</u>
Land improvements	15 - 30 years
Buildings and improvements	30 - 50 years
Furniture and equipment	3 - 15 years
Vehicles	5 - 15 years

K. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. 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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Capital leases are recognized as liabilities on the fund financial statements when due.

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

N. Fund Balance

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

Nonspendable - The nonspendable 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.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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.

O. Interfund Activity

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

P. 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.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 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. Neither type of transaction occurred during fiscal year 2015.

NOTE 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".

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 14 to the financial statements, and added required supplementary information which is presented on pages 61-68.

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 nonemployer contributing entities.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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	\$ 34,519,183
Deferred outflows - payments subsequent to measurement date	966,131
Net pension liability	(19,579,524)
Restated net position at July 1, 2014	\$ 15,905,790

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 deficit:

<u>Nonmajor funds</u>	<u>Deficit</u>
Vocational education	\$ 5,506

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Active deposits are monies determined to be 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.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 the State Treasury Asset Reserve of Ohio (STAR 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.

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.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year-end, the Career Center had \$500 in undeposited 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 \$6,975,671. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$6,314,948 of the Career Center's bank balance of \$7,064,948 was exposed to custodial risk as discussed below, while \$750,000 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:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</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>
FFCB	\$ 1,055,264	\$ 450,482	\$ -	\$ -	\$ -	\$ 604,782
FNMA	854,435	-	400,555	-	-	453,880
FHLB	1,058,666	-	519,915	-	200,639	338,112
FHLMC	1,825,727	-	-	-	455,139	1,370,588
U.S. Treasury notes	240,019	240,019	-	-	-	-
U.S. government money market mutual fund	10,909	10,909	-	-	-	-
Repurchase agreement	2,630,000	2,630,000	-	-	-	-
Total	\$ 7,675,020	\$ 3,331,410	\$ 920,470	\$ -	\$ 655,778	\$ 2,767,362

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the Career Center.

Credit Risk: The Career Center's investments in federal agency securities, U.S Treasury obligations, and the federal agency securities that underlie the repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. government money market mutual fund was rated AAAM by Standard & Poor's. The Career Center has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Career Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a purchase agreement by 2 percent. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Career Center's name. The Career Center has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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>% to total</u>
FFCB	\$ 1,055,264	13.75
FNMA	854,435	11.13
FHLB	1,058,666	13.79
FHLMC	1,825,727	23.79
U.S. Treasury notes	240,019	3.13
U.S. government money market mutual fund	10,909	0.14
Repurchase agreement	<u>2,630,000</u>	<u>34.27</u>
Total	<u>\$ 7,675,020</u>	<u>100.00</u>

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,975,671
Investments	7,675,020
Cash on hand	<u>500</u>
Total	<u>\$ 14,651,191</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 14,514,091
Agency funds	<u>137,100</u>
Total	<u>\$ 14,651,191</u>

NOTE 5 - INTERFUND TRANSACTIONS

Transfers for the year ended June 30, 2015 consisted of the following:

	Transfer In	Transfer Out
General fund	\$ -	\$ 164,757
Classroom facilities maintenance	643,216	-
Permanent improvement	41,846	-
Nonmajor governmental funds	<u>-</u>	<u>520,305</u>
Total	<u>\$ 685,062</u>	<u>\$ 685,062</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) 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; therefore, no transfers are reported on the statement of activities.

During fiscal year 2015, the Career Center transferred \$164,757 from the general fund to the classroom facilities maintenance fund to provide for future facilities maintenance expenditures. In addition, the Career Center transferred \$478,459 from nonmajor governmental funds to the classroom facilities maintenance fund and \$41,846 from nonmajor governmental funds to the permanent improvement fund as a result of the close-out of the construction project with the Ohio Facilities Construction Commission.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real 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 Wayne, Medina, Holmes, Stark and Ashland Counties. The County Auditors periodically advance to the Career Center their 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 \$271,540 in the general fund and \$85,960 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$554,931 in the general fund and \$181,619 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.

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,182,158,930	96.01	\$ 2,315,957,600	96.05
Public utility personal	<u>90,590,450</u>	<u>3.99</u>	<u>95,225,610</u>	<u>3.95</u>
Total	<u>\$ 2,272,749,380</u>	<u>100.00</u>	<u>\$ 2,411,183,210</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 4.85		\$ 4.85	

NOTE 7 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of 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, adult education fund and the classroom facilities maintenance 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);
- (d) Certain funds are included in the general fund (GAAP basis), but have separate legally adopted budget (budget basis).

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

NOTE 7 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund, adult education fund and the classroom facilities maintenance fund is as follows:

Net Change in Fund Balance

	General Fund	Adult Education Fund	Classroom Facilities Maintenance Fund
Budget basis	\$ 642,631	\$ 10,407	\$ 527,411
Net adjustment for revenue accruals	(270,727)	7,696	290,716
Net adjustment for expenditure accruals	84,015	39,078	17,277
Net adjustment for other sources/uses	(11,081)	(3,345)	(291,000)
Funds budgeted elsewhere **	32,324	-	-
Adjustment for encumbrances	<u>254,886</u>	<u>36,870</u>	<u>48,309</u>
Budget basis	<u>\$ 732,048</u>	<u>\$ 90,706</u>	<u>\$ 592,713</u>

** Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund, the public school support fund, and the customer services fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities	
Property taxes	\$ 6,000,958
Accounts	70,708
Intergovernmental	45,305
Accrued interest	<u>13,055</u>
Total governmental activities	<u>\$ 6,130,026</u>

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

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
Governmental activities:				
<i>Nondepreciable capital assets:</i>				
Land	\$ 612,773	\$ -	\$ -	\$ 612,773
Total nondepreciable capital assets	<u>612,773</u>	<u>-</u>	<u>-</u>	<u>612,773</u>
<i>Depreciable capital assets:</i>				
Land improvements	2,737,702	-	-	2,737,702
Buildings and improvements	32,587,510	142,518	-	32,730,028
Furniture and equipment	2,129,274	154,849	(12,088)	2,272,035
Vehicles	<u>221,455</u>	<u>-</u>	<u>-</u>	<u>221,455</u>
Total depreciable capital assets	<u>37,675,941</u>	<u>297,367</u>	<u>(12,088)</u>	<u>37,961,220</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(613,273)	(93,971)	-	(707,244)
Buildings and improvements	(10,102,571)	(972,922)	-	(11,075,493)
Furniture and equipment	(1,176,099)	(181,836)	9,021	(1,348,914)
Vehicles	<u>(173,997)</u>	<u>(11,734)</u>	<u>-</u>	<u>(185,731)</u>
Total accumulated depreciation	<u>(12,065,940)</u>	<u>(1,260,463)</u>	<u>9,021</u>	<u>(13,317,382)</u>
Depreciable capital assets, net	<u>25,610,001</u>	<u>(963,096)</u>	<u>(3,067)</u>	<u>24,643,838</u>
Governmental activities capital assets, net	<u>\$ 26,222,774</u>	<u>\$ (963,096)</u>	<u>\$ (3,067)</u>	<u>\$ 25,256,611</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 106,626
Special	15,901
Vocational	608,522
Adult/continuing	41,076

Support services:

Pupil	8,598
Instructional staff	20,511
Administration	70,425
Fiscal	3,287
Operations and maintenance	342,498
Pupil transportation	11,734
Food service operations	<u>31,285</u>
Total depreciation expense	<u>\$ 1,260,463</u>

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

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2009, the Career Center entered into a lease-purchase agreement for the classroom renovations to the school. The Career Center is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The Career Center is acting as an agent for the lessor, and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited \$9,120,000, with a fiscal agent for the renovation project. Huntington National Bank has sold certificates of participation in the building lease. The Career Center will make annual lease payments to Huntington National Bank. Interest rates range between 4.00 percent and 4.75 percent. The lease is renewable annually and expires in November 2017. The intention of the Career Center is to renew the lease annually.

As of June 30, 2015, \$9,120,000 of capital assets acquired by lease have been capitalized. Principal payments in fiscal year 2015 totaled \$1,045,000. Payments will be made on the lease from the permanent improvement fund.

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

<u>Fiscal Year Ending June 30.</u>	<u>Governmental Activities</u>
2016	\$ 1,220,525
2017	1,216,825
2018	<u>1,213,144</u>
	3,650,494
Less: amount representing interest	<u>(240,494)</u>
Present value of minimum lease payments	<u>\$ 3,410,000</u>

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

NOTE 11 - LONG-TERM OBLIGATIONS

A. The Career Center's long-term obligations during the year 2015 were as follows. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A.

	<u>Restated Balance 06/30/14</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/15</u>	<u>Amounts due in one year</u>
Governmental activities:					
<i>Capital lease:</i>					
2009 classroom facility project - certificates of participation 4.00-4.75%, maturity 11/2017	\$ 4,455,000	\$ -	\$ (1,045,000)	\$ 3,410,000	\$ 1,090,000
<i>Other long-term obligations:</i>					
Net pension liability:					
STRS	16,446,754	-	(2,639,799)	13,806,955	-
SERS	<u>3,132,770</u>	<u>-</u>	<u>(466,615)</u>	<u>2,666,155</u>	<u>-</u>
Total net pension liability	<u>19,579,524</u>	<u>-</u>	<u>(3,106,414)</u>	<u>16,473,110</u>	<u>-</u>
Compensated absences payable	<u>668,361</u>	<u>92,208</u>	<u>(150,205)</u>	<u>610,364</u>	<u>96,273</u>
Total governmental activities long-term obligations	<u>\$ 24,702,885</u>	<u>\$ 92,208</u>	<u>\$ (4,301,619)</u>	<u>\$ 20,493,474</u>	<u>\$ 1,186,273</u>

Capital lease obligation – See Note 10 for details.

Net pension liability – The Career Center pays obligations related to employee compensation from the fund benefitting from their service. See Note 14 for details.

Compensated absences - Compensated absences will be paid from the general fund, the adult education fund and the food service fund (a nonmajor governmental fund).

NOTE 12 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the Career Center, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES - (Continued)

The Superintendent earns 25 days of vacation per year and is allowed to cash in up to 15 unused vacation days per year. The Treasurer earns 20 days of vacation per year and is allowed to carry over up to 10 unused vacation days per year. The Director of Operations and Principal earn 20 days of vacation per year and are allowed to carry over up to 20 unused vacation days per year. Administrators and teachers do not earn vacation.

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The Career Center is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The Career Center has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The Career Center's vehicle liability insurance policy limit is \$3,000,000 for each occurrence with a collision deductible of \$1,000 for buses and \$500 for all other vehicles. All administrators and employees are covered under a Career Center liability policy. The limits of this coverage are \$3,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, nor has insurance coverage been significantly reduced from the prior fiscal year.

The Career Center is a member of the Ohio School Plan for Building, Grounds, Liability, and Vehicle Insurance. The comprehensive property and casualty deductible is \$1,000 and the vehicle collision is \$500. The Ohio School Plan has over 300 school districts insured.

B. Fidelity Bond

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

C. Workers' Compensation

The Career Center pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

D. Employee Health Insurance

The Career Center is contracted with Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - RISK MANAGEMENT - (Continued)

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the Career Center by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts. Rates are set through an annual calculation process. The Career Center pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon termination, all Career Center claims would be paid without regard to the Career Center's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to a leaving school district subsequent to the settlement of all expenses and claims.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the 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.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 obligation payable* on both the accrual and modified accrual bases of accounting.

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Career Center's contractually required contribution to SERS was \$211,668 for fiscal year 2015.

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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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - 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 \$805,565 for fiscal year 2015.

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,666,155	\$ 13,806,955	\$ 16,473,110
Proportion of the net pension liability	0.05268100%	0.05676394%	
Pension expense	\$ 155,587	\$ 535,580	\$ 691,167

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 22,692	\$ 132,922	\$ 155,614
Career Center contributions subsequent to the measurement date	<u>211,668</u>	<u>805,565</u>	<u>1,017,233</u>
Total deferred outflows of resources	<u>\$ 234,360</u>	<u>\$ 938,487</u>	<u>\$1,172,847</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 432,725</u>	<u>\$2,554,339</u>	<u>\$2,987,064</u>

\$1,017,233 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>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (102,508)	\$ (605,354)	\$ (707,862)
2017	(102,508)	(605,354)	(707,862)
2018	(102,508)	(605,354)	(707,862)
2019	<u>(102,509)</u>	<u>(605,355)</u>	<u>(707,864)</u>
Total	<u>\$ (410,033)</u>	<u>\$ (2,421,417)</u>	<u>\$ (2,831,450)</u>

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	\$ 3,803,811	\$ 2,666,155	\$ 1,709,288

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	\$ 19,766,161	\$ 13,806,955	\$ 8,767,472

NOTE 15 - POSTEMPLOYMENT 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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 \$28,587.

The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$39,738, \$27,957, and \$23,588, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

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, \$11,675, and \$13,707 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 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

There are currently no legal matters in litigation with the Career Center as defendant or plaintiff.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 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.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	125,007
Current year offsets	<u>(125,007)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

NOTE 18 - 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 (less amounts already included in payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 234,523
Adult education	15,159
Classroom facilities maintenance	33,086
Permanent improvement	15,381
Nonmajor governmental	<u>6,545</u>
Total	<u>\$ 304,694</u>

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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

	<u>2014</u>	<u>2013</u>
Career Center's proportion of the net pension liability	0.05268100%	0.05268100%
Career Center's proportionate share of the net pension liability	\$ 2,666,155	\$ 3,132,770
Career Center's covered-employee payroll	\$ 1,530,801	\$ 1,852,290
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	169.13%
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.

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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

	<u>2014</u>	<u>2013</u>
Career Center's proportion of the net pension liability	0.05676394%	0.05676394%
Career Center's proportionate share of the net pension liability	\$ 13,806,955	\$ 16,446,754
Career Center's covered-employee payroll	\$ 5,799,708	\$ 6,341,900
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	259.33%
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.

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**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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	\$ 211,668	\$ 212,169	\$ 256,357	\$ 253,161
Contributions in relation to the contractually required contribution	<u>(211,668)</u>	<u>(212,169)</u>	<u>(256,357)</u>	<u>(253,161)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered-employee payroll	\$ 1,605,979	\$ 1,530,801	\$ 1,852,290	\$ 1,882,238
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>
\$ 234,618	\$ 258,719	\$ 198,883	\$ 212,465	\$ 164,616	\$ 161,306
<u>(234,618)</u>	<u>(258,719)</u>	<u>(198,883)</u>	<u>(212,465)</u>	<u>(164,616)</u>	<u>(161,306)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,866,492	\$ 1,910,775	\$ 2,021,169	\$ 2,163,595	\$ 1,541,348	\$ 1,524,631
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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	\$ 805,565	\$ 753,962	\$ 824,447	\$ 949,912
Contributions in relation to the contractually required contribution	<u>(805,565)</u>	<u>(753,962)</u>	<u>(824,447)</u>	<u>(949,912)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered-employee payroll	\$ 5,754,036	\$ 5,799,708	\$ 6,341,900	\$ 7,307,015
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>
\$ 984,042	\$ 989,347	\$ 843,300	\$ 872,388	\$ 821,591	\$ 799,170
<u>(984,042)</u>	<u>(989,347)</u>	<u>(843,300)</u>	<u>(872,388)</u>	<u>(821,591)</u>	<u>(799,170)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,569,554	\$ 7,610,362	\$ 6,486,923	\$ 6,710,677	\$ 6,319,931	\$ 6,147,462
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**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 financials 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 financials for the methods and assumptions in this calculation.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 17,813	\$ 17,813
Cash Assistance:			
School Breakfast Program	10.553	20,240	20,240
National School Lunch Program	10.555	<u>143,621</u>	<u>143,621</u>
Total Child Nutrition Cluster		<u>181,674</u>	<u>181,674</u>
Total U.S. Department of Agriculture		<u>181,674</u>	<u>181,674</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program:</i>			
Student Financial Assistance Cluster:			
Pell Grant	84.063	423,527	424,077
Supplemental Educational Opportunity Grant	84.007	6,558	6,558
Federal Direct Student Loans	84.268	<u>504,848</u>	<u>504,848</u>
Total Student Financial Assistance Cluster		<u>934,933</u>	<u>935,483</u>
<i>Passed Through Ohio Department of Education:</i>			
Career and Technical Education_Basic Grants to States	84.048	370,641	374,393
Improving Teacher Quality State Grants	84.367	4,328	4,328
<i>Passed Through Ohio Board of Regents:</i>			
Adult Education - Basic Grants to States	84.002	<u>97,971</u>	<u>97,971</u>
Total U.S. Department of Education		<u>1,407,873</u>	<u>1,412,175</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 1,589,547</u>	<u>\$ 1,593,849</u>

The accompanying notes are an integral part of this schedule.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The Career Center reports commodities consumed on the Schedule at the entitlement value. The Career Center allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

Wayne County Schools Career Center
Wayne County
518 W. Prospect St.
Smithville, Ohio 44677

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 Wayne County Schools Career Center, Wayne 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 and have issued our report thereon dated November 25, 2015, wherein we noted the Career Center adopted GASB Statement No. 68.

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

November 25, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Wayne County Schools Career Center
Wayne County
518 W. Prospect St.
Smithville, Ohio 44677

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Career Center's compliance for the Career Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Career Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Career Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

November 25, 2015

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.007, 84.063 & 84.268 – Student Financial Assistance Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	<p>Noncompliance/Material Weakness – 34 CFR 685.309(b)(2) and 34 CFR 690.83(b)(2) – The Career Center did not notify the lender or grantor agency of a student status change as required by Federal regulations.</p>	Yes	



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WAYNE COUNTY SCHOOLS CAREER CENTER

WAYNE 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
JANUARY 26, 2016