



**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2016



Dave Yost • Auditor of State

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2016**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund	19
Statement of Net Position Proprietary Funds.....	20
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds.....	21
Statement of Cash Flows Proprietary Funds.....	22
Statement of Fiduciary Assets and Liabilities Fiduciary Fund	23
Notes to the Basic Financial Statements	24
Schedule of Expenditures of Federal Awards (Prepared by Management)	59
Notes to the Schedule of Expenditures of Federal Awards (Prepared by Management)	60

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY
JUNE 30, 2016**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	61
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	63
Schedule of Findings.....	65



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Eastland-Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eastland-Fairfield Career & Technical Schools, Franklin County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School 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 School District'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 School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eastland-Fairfield Career & Technical Schools, Franklin County, Ohio, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the 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 February 23, 2017, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School 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 "Y" and "O".

Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2017

THIS PAGE INTENTIONALLY LEFT BLANK

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Eastland-Fairfield Career & Technical Schools' (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- The School District's assets and deferred outflows of resources of its governmental activities exceeded its liabilities plus deferred inflows of resources at June 30, 2016 by \$15,951,119.
- The School District's net position of governmental activities increased \$957,515, which represents a 6.4 percent increase from the prior year's net position.
- General revenues of governmental activities accounted for \$20,290,128 in revenue or 88 percent of governmental activities revenues. Program specific revenues of governmental activities in the form of charges for services and sales, grants and contributions accounted for \$2,644,426 or 12 percent of total revenues of \$22,934,554.
- The School District had \$21,977,039 in expenses related to governmental activities; only \$2,644,426 of these expenses were offset by program specific charges for services and sales, grants, or contributions.

Business-Type Activities:

- The School District's assets and deferred outflows of resources of its business-type activities exceeded its liabilities plus deferred inflows of resources at June 30, 2016 by \$1,327,732.
- The School District's net position of business-type activities decreased \$110,578, which represents a 7.7 percent decrease from prior year's net position.
- General revenues of business-type activities accounted for \$4,186 in revenue or less than 1 percent of business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,478,141 or more than 99 percent of total revenues of \$1,482,327.
- The School District had \$1,592,905 in expenses related to adult and community education; \$1,478,141 of these expenses were offset by program specific charges for services and sales, and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the School District's financial situation as a whole and also give a detailed view of its financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's major governmental fund with all other non-major funds presented in total in one column. The major governmental fund of the School District is the General Fund. The other major fund for the School District is the Adult Education Enterprise Fund.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the School District's overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities.** Some of the School District's programs and services that are reported here include instruction, support services, non-instructional services, and extracurricular activities.
- **Business-Type Activities.** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's adult education program is reported as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 11. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's only major funds are the General Fund and the Adult Education Enterprise Fund.

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

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Fiduciary Funds. The School District's fiduciary funds are agency funds. The School District's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2016 compared to 2015.

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and						
Other Assets	\$ 33,478,965	\$ 33,329,064	\$ 3,621,134	\$ 3,713,773	\$37,100,099	\$37,042,837
Capital Assets, Net	24,017,688	24,424,741	378,518	391,650	24,396,206	24,816,391
Total Assets	57,496,653	57,753,805	3,999,652	4,105,423	61,496,305	61,859,228
Deferred Outflows of Resources:						
Pensions	2,816,608	1,813,395	254,222	167,569	3,070,830	1,980,964
	2,816,608	1,813,395	254,222	167,569	3,070,830	1,980,964
Liabilities:						
Current and Other						
Liabilities	2,437,431	2,535,958	90,447	92,510	2,527,878	2,628,468
Non-Current Liabilities						
Due Within One Year	863,634	934,510	28,718	25,791	892,352	960,301
Due in More Than One Year:						
Net Pension Liability	27,582,961	24,339,849	2,571,568	2,273,471	30,154,529	26,613,320
Other Amounts	2,475,229	2,860,346	31,107	19,253	2,506,336	2,879,599
Total Liabilities	33,359,255	30,670,663	2,721,840	2,411,025	36,081,095	33,081,688
Deferred Inflows of Resources:						
Pensions	2,043,431	4,490,460	204,302	423,657	2,247,733	4,914,117
Property Taxes not Levied to						
Finance Current Year Operations	8,959,456	9,412,473	-	-	8,959,456	9,412,473
	11,002,887	13,902,933	204,302	423,657	11,207,189	14,326,590
Net Position:						
Net Investment in Capital Assets	21,844,177	21,874,407	378,518	391,650	22,222,695	22,266,057
Restricted	15,287	20,409	-	-	15,287	20,409
Unrestricted	(5,908,345)	(6,901,212)	949,214	1,046,660	(4,959,131)	(5,854,552)
Total Net Position	\$ 15,951,119	\$ 14,993,604	\$ 1,327,732	\$ 1,438,310	\$17,278,851	\$16,431,914

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension. GASB 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 standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

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

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 School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the 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 School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Total net position of the School District as a whole increased \$846,937. The decrease in total assets of \$362,923 was due primarily to a decrease in capital assets which was due to current year depreciation and deletions exceeding additions. Deferred outflows of resources increased due primarily to pension. Current and other liabilities decreased slightly from 2016 to 2015. The net pension liability increased from 2015 to 2016 due to actuarial calculations which the District cannot control. Deferred inflows of resources decreased due to pension activity.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Table 2 shows the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

Table 2
Changes in Net Position for Governmental Activities

	2016	2015
Revenues		
Program Revenues:		
Charges for Services and Sales	\$682,273	\$777,009
Operating Grants and Contributions	1,962,153	1,912,008
Total Program Revenues	2,644,426	2,689,017
General Revenues:		
Property Taxes	13,350,400	12,921,402
Grants and Entitlements not Restricted	6,704,817	6,193,392
Gifts and Donations not Restricted	6,616	60,724
Investment Earnings	108,583	205,475
Miscellaneous	119,712	185,288
Total General Revenues	20,290,128	19,566,281
Total Revenues	22,934,554	22,255,298
Program Expenses		
Instruction		
Regular	4,032,062	3,821,670
Special	856,316	801,485
Career and Technical	7,702,027	7,273,556
Adult/Continuing	315,031	323,843
Other	270,885	238,963
Support Services		
Pupil	1,023,290	1,020,047
Instructional Staff	558,563	454,142
Board of Education	28,564	32,836
Administration	2,152,357	2,002,775
Fiscal	797,821	771,638
Operation & Maintenance of Plant	2,611,902	2,503,330
Pupil Transportation	63,573	61,723
Central	969,108	1,070,822
Non-Instructional Services	402,421	403,131
Extracurricular Activities	124,158	116,171
Interest & Fiscal Charges	68,961	80,014
Total Expenses	21,977,039	20,976,146
Change in Net Position	957,515	1,279,152
Net Position at Beginning of Year	14,993,604	13,714,452
Net Position at End of Year	\$15,951,119	\$14,993,604

The increase to Grants and Entitlements not Restricted is due to an increase in foundation monies. The increase to Career and Technical Instruction was due to non-capitalized equipment purchases which was slightly offset by a decrease in personnel cost. The increase in Instructional Staff Instruction was due to an increase in personnel related to the media center.

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities (Continued)

Property taxes comprised 58 percent of revenues for governmental activities of the School District for fiscal year 2016 and represent the largest source of revenue. General revenue grants and entitlements comprised 29 percent of revenue for governmental activities during 2016.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 60 percent of governmental program expenses with support services comprising 37 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$13,176,321	\$11,809,039	\$12,459,517	\$11,073,504
Support Services	8,205,178	7,186,255	7,917,313	6,858,842
Non-instructional Services	402,421	147,376	403,131	162,321
Extracurricular Activities	124,158	121,047	116,171	112,555
Interest and Fiscal Charges	68,961	68,896	80,014	79,907
Total Expenses	\$21,977,039	\$19,332,613	\$20,976,146	\$18,287,129

Business-Type Activities

Table 4 shows the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

Table 4
Change in Net Position for Business-Type Activities

	2016	2015
Revenues		
Program Revenues:		
Charges for Services and Sales	\$964,221	\$1,682,631
Operating Grants and Contributions	513,920	531,542
Total Program Revenues	1,478,141	2,214,173
General Revenues:		
Other	4,186	9,204
Total General Revenues	4,186	9,204
Total Revenues	1,482,327	2,223,377
 Program Expenses	 1,592,905	 1,763,899
 Increase (Decrease) in Net Position	 (110,578)	 459,478
 Net Position at Beginning of Year	 1,438,310	 978,832
Net Position at End of Year	\$1,327,732	\$1,438,310

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Business-Type Activities (Continued)

Business-type activities are comprised of adult and community education. The adult education program has two components: community education programs and after school programs. Charges for services and sales decreased due to decreased tuition and fees which is driven by enrollment. Program expenses decreased from the prior year primarily due to a teacher being non-renewed from the prior year because of the decrease in enrollment.

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major governmental fund begins on page 15. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$23,550,109 and expenditures and other financing uses of \$22,523,653. The General Fund balance increased \$1,039,185, due to increased tax and intergovernmental revenues which exceeded increases in expenditures.

Business-type activity funds are accounted for using the full accrual basis of accounting. The Adult Education Fund is the School District's only business-type activity funds, which had total operating and nonoperating revenues of \$1,482,327 and expenses of \$1,592,905. The Adult Education Fund net position decreased \$110,578. This was a result of expenses exceeding revenues.

The School District's budget is adopted on a fund basis. Periodically, the Board adopts the five year forecast, which provides subtotals of expenditures by object level. The five year forecast is adopted when the temporary appropriation measure, permanent appropriation measure and tax budget are adopted.

During 2016, there were several revisions made to the General Fund budget. Total estimated revenues decreased \$36,770 from original to final due to a decrease in expected intergovernmental revenues. Actual revenues increased \$712,140 over estimated revenues due to intergovernmental receipts and return advances being higher than expected. Total estimated appropriations increased from the original to the final by \$135,819 due to personnel adjustments for salaries and fringe benefits. Final appropriations were greater than actual expenditures due to a practice of the District to base the budget on the prior year's budget and not the prior year's expenditures. This removes any notion of being penalized in future years for not spending budgeted funds in a current year. The School District's ending un-obligated cash balance was \$17,268,904 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016, the School District had \$24,396,206 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows the fiscal year 2016 balances compared to 2015. For additional information regarding capital assets please see Note 7 to the basic financial statements.

Table 5
 Capital Assets
 (Net of Accumulated Depreciation)

<i>Governmental Activities:</i>	2016	2015
Land	\$449,800	\$449,800
Construction in Progress	0	46,434
Buildings and Improvements	21,046,093	21,499,409
Furniture and Equipment	2,307,684	2,370,631
Vehicles	214,111	58,467
Subtotal	24,017,688	24,424,741

Eastland-Fairfield Career & Technical Schools
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
(Unaudited)

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

<i>Business-Type Activities:</i>		
Furniture and Equipment	17,069	21,701
Buildings and Improvements	361,449	369,949
Subtotal	378,518	391,650
 Totals	 \$24,396,206	 \$24,816,391

Changes in capital assets from the prior year resulted from additions, deletions and depreciation.

Debt

At June 30, 2016, the School District had outstanding long-term debt. Table 6 summarizes bonds and capital lease obligations outstanding at year end:

Table 6		
Outstanding Bonds and Notes at Year End		
Governmental Activities		
	2016	2015
Capital Improvement Bonds	\$2,100,000	\$2,450,000
Capital Lease	\$40,403	\$53,600

For additional information regarding long term obligations, please see Note 12 to the basic financial statements.

ECONOMIC FACTORS

For state funding, HB 59 returned to the formula with an overall guarantee and an overall cap (minimums and maximums). The District remained on the guarantee for 2014 but FY 2015 was increased by the formula and was capped in FY 2016, due to the increased enrollment, an increase in the per-pupil funding amount, and the decrease in assessed valuation.

The District serves the six counties of Franklin, Fairfield, Pickaway, Hocking, Licking, and Perry. Unfortunately, an unprecedented decrease in appraisal values occurred, due to the housing market changes that began in 2008 and the reappraisals that took place reflecting the changes. The benefit of the full 2.0 mills that had been experienced during the prior years saw a full decrease, as no “buffer” exists between voted and effective millage, so the District saw the full 2.0 mill impact on the appraisal decreases, making fiscal year 2013 revenues similar to FY 2006. Fiscal years 2014, 2015, and 2016 finished the year with slight increases, compared to fiscal year 2013.

The District continues to look at cost restructuring and cost reductions to operate within the combination of School District’s existing cash balance and revenues. Although the last levy passage was February 1998, the School District is making every effort to continue to operate within the 2 mills.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District’s financial situation and to show the School District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dawn Lemley, Treasurer, Eastland-Fairfield Career & Technical Schools, 4300 Amalgamated Place, Groveport, Ohio 43125-0419.

Eastland-Fairfield Career & Technical Schools
Statement of Net Position
As of June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$19,684,976	\$3,505,245	\$23,190,221
Receivables:			
Taxes	13,373,346	-	13,373,346
Accounts	4,288	107,765	112,053
Interest	3,727	-	3,727
Intergovernmental	273,247	-	273,247
Prepaid Items	139,381	8,124	147,505
Non-Depreciable Capital Assets	449,800	-	449,800
Capital Assets, Net	<u>23,567,888</u>	<u>378,518</u>	<u>23,946,406</u>
<i>Total Assets</i>	<u>57,496,653</u>	<u>3,999,652</u>	<u>61,496,305</u>
Deferred Outflows of Resources			
Pensions:			
State Teachers Retirement System	2,258,559	221,314	2,479,873
School Employees Retirement System	<u>558,049</u>	<u>32,908</u>	<u>590,957</u>
<i>Total Deferred Outflows of Resources</i>	<u>2,816,608</u>	<u>254,222</u>	<u>3,070,830</u>
Liabilities			
Accounts Payable	\$121,132	\$24,049	\$145,181
Accrued Wages and Benefits	1,522,111	45,700	1,567,811
Claims Payable	521,378	-	521,378
Contracts Payable	33,108	-	33,108
Accrued Interest Payable	5,162	-	5,162
Intergovernmental Payable	234,540	20,698	255,238
Non-Current Liabilities:			
Due Within One Year	863,634	28,718	892,352
Due in More Than One Year			
Net Pension Liability (See Note 9)	27,582,961	2,571,568	30,154,529
Other Amounts Due in More Than One Year	<u>2,475,229</u>	<u>31,107</u>	<u>2,506,336</u>
<i>Total Liabilities</i>	<u>33,359,255</u>	<u>2,721,840</u>	<u>36,081,095</u>
Deferred Inflows of Resources			
Pensions:			
State Teachers Retirement System	1,619,992	171,457	1,791,449
School Employees Retirement System	423,439	32,845	456,284
Property Taxes Not Levied to Finance Current Year Operations	<u>8,959,456</u>	<u>-</u>	<u>8,959,456</u>
<i>Total Deferred Inflows of Resources</i>	<u>11,002,887</u>	<u>204,302</u>	<u>11,207,189</u>
Net Position			
Net Investment in Capital Assets	21,844,177	378,518	22,222,695
Restricted for:			
Capital Outlay	12,400	-	12,400
Other Purposes	2,887	-	2,887
Unrestricted	<u>(5,908,345)</u>	<u>949,214</u>	<u>(4,959,131)</u>
<i>Total Net Position</i>	<u>\$15,951,119</u>	<u>\$1,327,732</u>	<u>\$17,278,851</u>

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

Eastland-Fairfield Career & Technical Schools
Statement of Activities
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Instruction:						
Regular	\$ 4,032,062	\$ 90,468	\$ 68,105	\$ (3,873,489)	\$ -	\$ (3,873,489)
Special	856,316	17,744	600,606	(237,966)	-	(237,966)
Career and Technical	7,702,027	153,178	38,976	(7,509,873)	-	(7,509,873)
Adult/Continuing	315,031	2,607	269,136	(43,288)	-	(43,288)
Other	270,885	-	126,462	(144,423)	-	(144,423)
Support Services:						
Pupil	1,023,290	14,152	331,707	(677,431)	-	(677,431)
Instructional Staff	558,563	9,294	112,160	(437,109)	-	(437,109)
Board of Education	28,564	660	20,261	(7,643)	-	(7,643)
Administration	2,152,357	46,106	-	(2,106,251)	-	(2,106,251)
Fiscal	797,821	19,056	-	(778,765)	-	(778,765)
Operation and Maintenance of Plant	2,611,902	50,230	308,520	(2,253,152)	-	(2,253,152)
Pupil Transportation	63,573	957	-	(62,616)	-	(62,616)
Central	969,108	19,600	86,220	(863,288)	-	(863,288)
Non-Instructional Services	402,421	255,045	-	(147,376)	-	(147,376)
Extracurricular Activities	124,158	3,111	-	(121,047)	-	(121,047)
Interest and Fiscal Charges	68,961	65	-	(68,896)	-	(68,896)
Total Governmental Activities	<u>21,977,039</u>	<u>682,273</u>	<u>1,962,153</u>	<u>(19,332,613)</u>	<u>-</u>	<u>(19,332,613)</u>
Business-Type Activities						
Adult and Community Education	1,592,905	964,221	513,920	-	(114,764)	(114,764)
Total Business-Type Activities	<u>1,592,905</u>	<u>964,221</u>	<u>513,920</u>	<u>-</u>	<u>(114,764)</u>	<u>(114,764)</u>
Total All Activities	<u>\$ 23,569,944</u>	<u>\$ 1,646,494</u>	<u>\$ 2,476,073</u>	<u>\$ (19,332,613)</u>	<u>\$ (114,764)</u>	<u>\$ (19,447,377)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes				13,350,400	-	13,350,400
Grants and Entitlements not Restricted to Specific Programs				6,704,817	-	6,704,817
Gifts and Donations not Restricted to Specific Programs				6,616	-	6,616
Investment Earnings				108,583	-	108,583
Miscellaneous				119,712	4,186	123,898
Total General Revenues				<u>20,290,128</u>	<u>4,186</u>	<u>20,294,314</u>
Change in Net Position				957,515	(110,578)	846,937
Net Position Beginning of Year				<u>14,993,604</u>	<u>1,438,310</u>	<u>16,431,914</u>
Net Position End of Year				<u>\$ 15,951,119</u>	<u>\$ 1,327,732</u>	<u>\$ 17,278,851</u>

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

Eastland-Fairfield Career & Technical Schools

*Balance Sheet
Governmental Funds
As of June 30, 2016*

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Investments	\$ 18,589,453	\$ 117,007	\$ 18,706,460
Receivables:			
Taxes	13,373,346	-	13,373,346
Accounts	4,288	-	4,288
Interest	3,727	-	3,727
Intergovernmental Receivable	139,502	133,745	273,247
Interfund Receivable	213,747	-	213,747
Prepaid Items	136,996	2,385	139,381
<i>Total Assets</i>	<u>\$32,461,059</u>	<u>\$253,137</u>	<u>\$32,714,196</u>
Liabilities			
Accounts Payable	\$ 121,132	\$ -	\$ 121,132
Contracts Payable	33,108	-	33,108
Accrued Wages and Benefits	1,403,948	118,163	1,522,111
Interfund Payable	-	213,747	213,747
Intergovernmental Payable	210,122	24,418	234,540
<i>Total Liabilities</i>	<u>1,768,310</u>	<u>356,328</u>	<u>2,124,638</u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	8,959,456	-	8,959,456
Unavailable Revenue - Delinquent Taxes	675,822	-	675,822
Unavailable Revenue - Interest	2,633	-	2,633
<i>Total Deferred Inflows of Resources</i>	<u>9,637,911</u>	<u>-</u>	<u>9,637,911</u>
Fund Balances			
Nonspendable	136,996	2,385	139,381
Restricted	-	14,717	14,717
Assigned	6,381,251	-	6,381,251
Unassigned	14,536,591	(120,293)	14,416,298
<i>Total Fund Balances</i>	<u>21,054,838</u>	<u>(103,191)</u>	<u>20,951,647</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 32,461,059</u>	<u>\$ 253,137</u>	<u>\$ 32,714,196</u>

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

Eastland-Fairfield Career & Technical Schools
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 As of June 30, 2016*

Total Governmental Fund Balances		\$20,951,647
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,017,688
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Interest	2,633	
Taxes	<u>675,822</u>	
Total		678,455
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		457,138
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	2,816,608	
Deferred inflows of resources related to pensions	(2,043,431)	
Net Pension Liability	<u>(27,582,961)</u>	
Total		(26,809,784)
Long-term liabilities, including bonds, capital lease obligations, accrued interest, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(5,162)	
Compensated Absences	(1,198,460)	
School Improvement and Construction Bonds	(2,100,000)	
Capital Lease Obligations	<u>(40,403)</u>	
Total		<u>(3,344,025)</u>
Net Position of Governmental Activities		<u><u>\$15,951,119</u></u>

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

Eastland-Fairfield Career & Technical Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 13,434,239	\$ -	\$ 13,434,239
Tuition and Fees	266,686	-	266,686
Earnings on Investments	115,901	-	115,901
Intergovernmental	7,235,150	1,431,820	8,666,970
Charges for Services	151,539	254,633	406,172
Rentals	9,415	-	9,415
Gifts and Donations	6,616	-	6,616
Other	119,164	548	119,712
<i>Total Revenues</i>	<u>21,338,710</u>	<u>1,687,001</u>	<u>23,025,711</u>
Expenditures			
Current:			
Instruction:			
Regular	3,812,390	80,398	3,892,788
Special	765,489	82,959	848,448
Career and Technical	6,516,808	46,012	6,562,820
Adult/Continuing	-	317,720	317,720
Other	116,628	147,267	263,895
Support Services:			
Pupil	600,053	390,128	990,181
Instructional Staff	394,703	133,149	527,852
Board of Education	27,807	-	27,807
Administration	1,970,454	23,919	1,994,373
Fiscal	812,280	-	812,280
Operation and Maintenance of Plant	2,113,684	-	2,113,684
Pupil Transportation	41,070	-	41,070
Central	850,018	99,480	949,498
Extracurricular Activities	124,158	-	124,158
Non-Instructional Services	27,413	359,618	387,031
Capital Outlay	1,600,836	119,080	1,719,916
Debt Service:			
Principal	13,197	350,000	363,197
Interest	2,709	67,113	69,822
<i>Total Expenditures</i>	<u>19,789,697</u>	<u>2,216,843</u>	<u>22,006,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,549,013	(529,842)	1,019,171
Other Financing Sources (Uses)			
Transfers In	-	517,113	517,113
Proceeds from the Sale of Capital Assets	7,285	-	7,285
Transfers Out	(517,113)	-	(517,113)
<i>Total Other Financing Sources (Uses)</i>	<u>(509,828)</u>	<u>517,113</u>	<u>7,285</u>
Net Change in Fund Balances	1,039,185	(12,729)	1,026,456
Fund Balances at Beginning of Year	<u>20,015,653</u>	<u>(90,462)</u>	<u>19,925,191</u>
Fund Balances at End of Year	<u>\$ 21,054,838</u>	<u>\$ (103,191)</u>	<u>\$ 20,951,647</u>

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

Eastland-Fairfield Career & Technical Schools
*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, 2016*

Net Change in Fund Balances - Total Governmental Funds		\$1,026,456
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	1,719,916	
Current Year Depreciation	<u>(1,732,851)</u>	
Total		(12,935)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities a gain or loss is reported for each disposal. This is the amount of the proceeds from the sale of capital assets and the loss on the disposal of capital assets.		
Proceeds from Sale of Capital Assets	(7,285)	
Loss on Disposal of Capital Assets	<u>(386,833)</u>	
Total		(394,118)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(83,839)	
Interest	<u>(7,318)</u>	
Total		(91,157)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		
		350,000
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		
		13,197
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		(234,715)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,552,773
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,345,643)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in Compensated Absences	92,796	
Decrease in Interest Payable	<u>861</u>	
Total		<u>93,657</u>
Change in Net Position of Governmental Activities		<u><u>\$957,515</u></u>

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

Eastland-Fairfield Career & Technical Schools
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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Total Revenues and Other Sources	\$ 20,472,417	\$ 20,435,647	\$ 21,147,787	\$ 712,140
Total Expenditures and Other Uses	<u>26,532,385</u>	<u>26,668,204</u>	<u>21,556,908</u>	<u>5,111,296</u>
Net Change in Fund Balance	(6,059,968)	(6,232,557)	(409,121)	5,823,436
Fund Balance, July 1	16,336,273	16,336,273	16,336,273	0
Prior Year Encumbrances Appropriated	<u>1,341,752</u>	<u>1,341,752</u>	<u>1,341,752</u>	<u>0</u>
Fund Balance, June 30	<u>\$ 11,618,057</u>	<u>\$ 11,445,468</u>	<u>\$ 17,268,904</u>	<u>\$ 5,823,436</u>

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

Eastland-Fairfield Career & Technical Schools
Statement of Net Position
Proprietary Funds
As of June 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Assets		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 3,505,245	\$ 978,516
Accounts Receivable	107,765	-
Prepaid Items	8,124	-
<i>Total Current Assets</i>	<u>3,621,134</u>	<u>978,516</u>
Noncurrent Assets:		
Capital Assets, net	378,518	-
<i>Total Assets</i>	<u><u>3,999,652</u></u>	<u><u>978,516</u></u>
Deferred Outflows of Resources		
Pensions:		
State Teachers Retirement System	221,314	-
School Employees Retirement System	32,908	-
<i>Total Deferred Outflows of Resources</i>	<u>254,222</u>	<u>-</u>
Liabilities		
Current Liabilities:		
Accounts Payable	24,049	-
Accrued Wages and Benefits	45,700	-
Claims Payable	-	521,378
Intergovernmental Payable	20,698	-
<i>Total Current Liabilities</i>	<u>90,447</u>	<u>521,378</u>
Non-Current Liabilities:		
Due Within One Year	28,718	-
Net Pension Liability	2,571,568	-
Other Amounts Due in More Than One Year	31,107	-
<i>Total Non-Current Liabilities</i>	<u>2,631,393</u>	<u>-</u>
<i>Total Liabilities</i>	<u>2,721,840</u>	<u>521,378</u>
Deferred Inflows of Resources		
Pensions:		
State Teachers Retirement System	171,457	-
School Employees Retirement System	32,845	-
<i>Total Deferred Inflows of Resources</i>	<u>204,302</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	378,518	-
Unrestricted	949,214	457,138
<i>Total Net Position</i>	<u><u>\$ 1,327,732</u></u>	<u><u>\$ 457,138</u></u>

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

Eastland-Fairfield Career & Technical Schools
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Operating Revenues		
Tuition and Fees	\$ 954,396	\$ -
Charges for Services	9,825	2,191,541
Miscellaneous	722	-
<i>Total Operating Revenues</i>	<u>964,943</u>	<u>2,191,541</u>
Operating Expenses		
Salaries and Wages	904,869	-
Fringe Benefits	272,205	-
Purchased Services	212,867	648,845
Claims	-	1,777,411
Materials and Supplies	156,399	-
Depreciation Expense	38,797	-
Miscellaneous	7,768	-
<i>Total Operating Expenses</i>	<u>1,592,905</u>	<u>2,426,256</u>
Operating Income (Loss)	<u>(627,962)</u>	<u>(234,715)</u>
Nonoperating Revenues (Expenses)		
Intergovernmental Revenues	513,920	-
Other	3,464	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>517,384</u>	<u>-</u>
Changes in Net Position	(110,578)	(234,715)
Net Position at Beginning of Year	<u>1,438,310</u>	<u>691,853</u>
Net Position at End of Year	<u>\$ 1,327,732</u>	<u>\$ 457,138</u>

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

Eastland-Fairfield Career & Technical Schools
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Cash Received from Transaction with Other Funds	\$ -	\$ 2,191,541
Cash Received from Other Operating Sources	722	-
Cash Received from Tuition Payments and Charges for Services	1,050,554	-
Cash Payments to Suppliers for Services	(382,923)	(648,845)
Cash Payments to Employees for Services and Benefits	(1,166,126)	-
Cash Payments for Claims	-	(1,751,691)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(497,773)</u>	<u>(208,995)</u>
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental	513,920	-
Other non-operating sources	3,464	-
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>517,384</u>	<u>-</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Payments for Capital Acquisitions	(25,665)	-
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(25,665)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(6,054)	(208,995)
Cash and Cash Equivalents at Beginning of Year	3,511,299	1,187,511
Cash and Cash Equivalents at End of Year	<u>\$ 3,505,245</u>	<u>\$ 978,516</u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i>		
Operating Income (Loss)	\$ (627,962)	\$ (234,715)
Depreciation Expense	38,797	-
<i>Changes in Assets and Liabilities:</i>		
Decrease in Accounts Receivable	86,333	-
Decrease in Prepaid Items	252	-
Decrease in Deferred Outflows of Resources-Pensions	(86,653)	-
Decrease in Accounts Payable	(5,889)	-
Increase in Accrued Wages and Benefits	150	-
Increase in Compensated Absences	14,781	-
Increase in Intergovernmental Payable	3,676	-
Increase in Net Pension Liability	298,097	-
Decrease in Deferred Inflows of Resources-Pensions	(219,355)	-
Increase in Claims Payable	-	25,720
Total Adjustments	<u>130,189</u>	<u>25,720</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ (497,773)</u>	<u>\$ (208,995)</u>

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

Eastland-Fairfield Career & Technical Schools
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
As of June 30, 2016

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 87,546</u>
<i>Total Assets</i>	<u><u>\$ 87,546</u></u>
Liabilities	
Due to Students	<u>\$ 87,546</u>
<i>Total Liabilities</i>	<u><u>\$ 87,546</u></u>

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

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Eastland-Fairfield Career & Technical Schools (the School District) is a career-technical school district organized under section 3311.18 of the Ohio Revised Code. The School District provides career-technical education for 16 (15 statute and one contracted) school districts serving a student population of 1,469 plus an additional 926 served by IT Foundation programs throughout 700 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking and Perry Counties. A nine-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 and a 0.8 mill continuing operating levy passed in 1998, both for an assessed valuation of over \$7.4 billion tax duplicate. In addition, the School District receives funds from the State of Ohio Career and Technical School Foundation Program. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interest of students.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District consists of nine appointed members as follows: five from the Educational Service Center of Central Ohio and the Fairfield County Educational Service Center, and one each from the Teays Valley Local School District, Whitehall City School District, Gahanna-Jefferson City School District, and Reynoldsburg City School District. The Educational Service Center of Central Ohio and Fairfield County Educational Service Center switch the 3-2 split of the five members in January of every fourth year. For fiscal year 2016 the split was 3 from the Educational Service Center of Central Ohio (ESCCO) and 2 from Fairfield County Educational Service Center. No school district appoints a voting majority of the Board. None of the school districts that appoint Board Members are financially accountable for the School District.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, adult continuing education and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Currently, the School District does not have any component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the City of Groveport and participating local and city school districts.

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. This organization is presented in Note 16 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District 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 School District follows GASB guidance as applicable to its governmental and business-type activities. The most significant of the School District's accounting policies are described below.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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 purpose 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 plus deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

General Fund

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

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District has one enterprise fund and one internal service fund.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Adult Education Fund

This fund accounts for educational opportunities offered on a tuition basis to adults living within the community. The main source of revenue for the Adult Education Fund is tuition and fees.

Internal Service Fund

The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee medical and dental claims.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The School District's fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's agency funds are used to account for student-managed activities and account for Pell and Stafford grant proceeds and disbursements to various students within the School District.

Basis of Presentation

The School District's basic financial statements consist of government-wide 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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the financial condition of governmental and business-type activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental and business-type 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 School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District. As a general rule the effect of interfund services provided and used are not eliminated in the process of consolidation with the exception of the Internal Service Fund activity which was eliminated in the Statement of Activities.

Fund Financial Statements

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

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and all deferred inflows/outflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and all deferred inflows/outflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension liabilities, and the recording of net pension liabilities.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "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 School District, available means expected to be received within sixty (60) days of fiscal year end.

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

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

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions as of June 30, 2016. The deferred outflows of resources related to the pension are explained in Note 9. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and interest which are not collected in the available period and pensions. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, and interest not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension are only reported on the Statement of Net Position. (See Note 9).

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due; and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

All funds, other than the 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 Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District 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 2016.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amount 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.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2016, investments were limited to a U.S. Treasury Money Market Fund, U.S. Government Instrumentalities, Commercial Paper and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2016. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement 79, "Certain External Investment Pools and Pool Participants". The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2016 amounted to \$115,901, which includes \$23,344 assigned from other School District funds.

For purposes of the Statement of Cash Flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

Capital Assets and Depreciation

General capital assets of the School District are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund.

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 School District maintains a capitalization threshold of \$5,000. The School District 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.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

All reported capital assets, except land and construction in progress, 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>Governmental & Business-Type Assets Estimated Lives</u>
Building and Improvements	25 years
Furniture and Equipment	10 years
Vehicles	10 years

Compensated Absences

Vacation and personal leave 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 School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee will be paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Interfund/Internal Balances

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund Receivable/Payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as "due to/from other funds." Interfund receivables and payables within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Net Position; any residual balances outstanding between the governmental activities and business-type activities are reported as "internal balances."

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 special termination benefits 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 in the current year. Bonds, long-term loans, long-term notes, and capital leases are recognized as a liability on the government-wide financial statements when due.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

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

Net position restricted for other purposes represents balances in special revenue funds which are restricted to use per grant agreements.

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

The government-wide Statement of Net Position reports \$15,287 in restricted net position, none of which are restricted by enabling legislation.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District 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 or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used. The School District does not have a formal minimum fund balance policy.

Interfund Transactions

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 to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Activities.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the School District, these revenues are tuition for adult education classes, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues not meeting the above definition are classified as nonoperating.

Pensions

For purposes of measuring the net pension liability, 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.

3. ACCOUNTABILITY

The Food Service and Safe School Help Line Program Grant special revenue funds had a deficit fund balances of \$120,279 and \$14, respectively. The deficit in these funds is due to adjustments for accrued liabilities and the timing of grant awards. The General Fund provides transfers when cash is required, not when expenditures are incurred.

4. BUDGETARY BASIS OF ACCOUNTING

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

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budget Basis) as opposed to when susceptible to accrual (GAAP Basis).
2. Expenditures are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP Basis).
3. Encumbrances are treated as expenditures (Budget Basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

<u>Net Change in Fund Balance</u>	
	<u>General</u>
GAAP Basis	\$1,039,185
Adjustments:	
Revenue Accruals	(29,266)
Expenditure Accruals	(360,469)
Encumbrances	(989,211)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	<u>(69,360)</u>
Budget Basis	<u>(\$409,121)</u>

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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 monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or other obligations of or securities issued by the United States Treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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;

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

5. DEPOSITS AND INVESTMENTS (Continued)

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. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
9. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the Federal Reserve System and the obligations mature no later than one hundred eighty days after purchase.

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

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 School District, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At fiscal year end, the School District had \$1,075 in un-deposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments."

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District’s policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2016, the carrying amount of all School District deposits was \$9,103,516. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2016, the School District’s bank balance was \$9,205,534. Of this balance \$8,751,885 was covered by FDIC, and the remaining \$453,649 was collateralized by the financial institutions’ public entity deposit pools in the manner described above.

Investments

The School District had the following investments at June 30, 2016:

Investment Type	Fair Value	< 1 Year	1-2 Years	3-5 Years
STAROhio	\$9,637	\$9,637	\$0	\$0
Huntington US Treasury Money Market Fund	9,172,014	9,172,014	0	0
FHLMC Notes	2,000,275	0	2,000,275	0
FNMA Notes	1,000,750	0	0	1,000,750
J.P. Morgan Securities Commercial Paper	497,900	497,900	0	0
Bank of Tokyo – Mitsubishi Commercial Paper	497,713	497,713	0	0
Abbey National Treasury Commercial Paper	497,812	497,812	0	0
Credit Agricole Commercial Paper	497,700	497,700	0	0
	<u>\$14,173,801</u>	<u>\$11,172,776</u>	<u>\$2,000,275</u>	<u>\$1,000,750</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District’s recurring fair value measurements as of June 30, 2016. As discussed further in Note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the School District’s policy, the School District limits their investments to repurchase agreements, treasury notes, U.S. government instrumentalities, and STAROhio. The School District’s investments in FNMA and FHLMC notes were rated AA+ by Moody’s Investor Services. The School District’s investments in commercial paper were rated A1 by Moody’s Investor Services. Standard & Poor’s has assigned STAROhio and Huntington US Treasury Money Market Fund an AAAM money market rating.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

5. DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District’s investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 14.1% in FHLMC notes, 7.1% in FNMA notes, 64.7% in Huntington US Treasury Money Market Funds, 14.0% in commercial papers and 0.1% in STAROhio.

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

All of the School District’s investments are either insured and registered in the name of the School District or at least registered in the name of the School District.

The classification of cash and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the School District’s cash management pool and investments with an original maturity date of three months or less.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected in 2016 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which fiscal year 2016 taxes were collected are:

	2015 Second-Half Collections		2016 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 6,971,396,030	95.16%	\$ 7,119,546,530	94.75%
Public Utility	354,441,740	4.84%	394,190,660	5.25%
Total Assessed Value	<u>\$ 7,325,837,770</u>	<u>100.00%</u>	<u>\$ 7,513,737,190.00</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 2.00		\$ 2.00	

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

6. PROPERTY TAXES (continued)

The School District receives property taxes from Franklin, Fairfield, Licking, Hocking, Perry and Pickaway Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016 are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2016. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred inflow of resources for that portion not intended to finance current year operations.

At June 30, 2016, \$3,738,068 was available as an advance to the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred and recorded as a deferred inflow of resources.

7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2016 was as follows:

	Ending Balance 06/30/15	Additions	Deletions	Ending Balance 06/30/16
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$449,800	\$0	\$0	\$449,800
Construction in Progress	46,434	0	(46,434)	0
Total Capital Assets, Not Being Depreciated	<u>496,234</u>	<u>0</u>	<u>(46,434)</u>	<u>449,800</u>
Capital Assets Being Depreciated				
Buildings and Improvements	43,239,647	823,065	0	44,062,712
Furniture and Equipment	4,946,124	943,285	(1,000,137)	4,889,272
Vehicles	500,909	0	0	500,909
Total Capital Assets, Being Depreciated	<u>48,686,680</u>	<u>1,766,350</u>	<u>(1,000,137)</u>	<u>49,452,893</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(21,740,238)	(1,276,381)	0	(23,016,619)
Furniture and Equipment	(2,763,411)	(424,196)	606,019	(2,581,588)
Vehicles	(254,524)	(32,274)	0	(286,798)
Total Accumulated Depreciation	<u>(24,758,173)</u>	<u>(1,732,851)</u>	<u>606,019</u>	<u>(25,885,005)</u>
Total Capital Assets Being Depreciated, Net	<u>23,928,507</u>	<u>33,499</u>	<u>(394,118)</u>	<u>23,567,888</u>
Governmental Activities Capital Assets, Net	<u>\$24,424,741</u>	<u>\$33,499</u>	<u>(\$440,552)</u>	<u>\$24,017,688</u>

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

7. CAPITAL ASSETS (Continued)

Business-Type Activities	Ending Balance 06/30/15	Additions	Deletions	Ending Balance 06/30/16
Capital Assets, Being Depreciated				
Buildings and Improvements	\$1,207,312	\$25,665	\$0	\$1,232,977
Furniture and Equipment	86,201	0	0	86,201
Total Capital Assets, Being Depreciated	<u>1,293,513</u>	<u>25,665</u>	<u>0</u>	<u>1,319,178</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(837,363)	(34,165)	0	(871,528)
Furniture and Equipment	(64,500)	(4,632)	0	(69,132)
Total Accumulated Depreciation	<u>(901,863)</u>	<u>(38,797)</u>	<u>0</u>	<u>(940,660)</u>
Business-Type Activities				
Capital Assets, Net	<u>\$391,650</u>	<u>(\$13,132)</u>	<u>\$0</u>	<u>\$378,518</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$129,026
Special	32,033
Career and Technical	991,463
Other	9,997
Support Services:	
Pupil	40,452
Instructional Staff	21,767
Board of Education	972
Administration	126,853
Fiscal	1,711
Operation and Maintenance of Plant	297,990
Pupil Transportation	23,579
Central	41,804
Non-Instructional Services	15,204
Total Depreciation Expense	<u>\$1,732,851</u>

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the School District contracted with Ohio School Plan for property, liability, and fleet insurance.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

8. RISK MANAGEMENT (continued)

Coverage provided by the Ohio School Plan is as follows:

Building and Contents (\$1,000 deductible)	\$90,268,749
Automobile Liability (\$1,000 deductible for Buses and \$500 for All Other Autos)	5,000,000
General Liability (no deductible):	
Per occurrence	5,000,000
Aggregate	7,000,000
Violence	
Per occurrence	1,000,000
Aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 2016, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by Anthem, which provides claims review and processing services. The School District has purchased specific stop-loss benefits covering cost above the \$75,000 individual retention mark to an unlimited lifetime reimbursement. The School District has \$2 million aggregate stop-loss coverage.

The liability for unpaid claims costs of \$521,378 reported in the internal service fund at June 30, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2015	\$477,892	\$1,939,178	\$1,921,412	\$495,658
2016	495,658	1,777,411	1,751,691	521,378

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable. The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District 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.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

9. DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

Plan Description - School Employees Retirement System (SERS) (continued)

	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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire allocation was designated to pension, death benefits, and Medicare B. There was no percentage allocated to the Health Care Fund for fiscal year 2016.

The School District’s contractually required contribution to SERS was \$483,973 for fiscal year 2016. Of this amount \$19,769 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

9. DEFINED BENEFIT PENSION PLANS (continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 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 year 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 year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. Through June 30, 2015, the employer rate was 14% and the member rate was 12% of covered payroll. The statutory employer rate for fiscal year 2016 and subsequent years is 14%. The statutory member contribution rate increased to 13% on July 1, 2015 and will increase to 14% on July 1, 2016.

The School District's contractually required contribution to STRS Ohio was \$1,202,436 for fiscal year 2016. Of this amount \$189,605 is reported as an intergovernmental payable.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

9. DEFINED BENEFIT PENSION PLANS (continued)

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

The net pension liability reported as of June 30, 2016 was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share as well as the pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,549,949	\$23,604,580	\$30,154,529
Proportion of the Net Pension Liability	0.1147886%	0.08540911%	
Pension Expense	\$373,979	\$1,089,395	\$1,463,374

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$106,984	\$1,076,071	\$1,183,055
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	0	173,724	173,724
School District contributions subsequent to the measurement date	<u>483,973</u>	<u>1,230,078</u>	<u>1,714,051</u>
Total	<u>\$590,957</u>	<u>\$2,479,873</u>	<u>\$3,070,830</u>

Deferred Inflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between projected and actual investment earnings	\$246,053	\$1,697,614	\$1,943,667
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>210,231</u>	<u>93,835</u>	<u>304,066</u>
Total	<u>\$456,284</u>	<u>\$1,791,449</u>	<u>\$2,247,733</u>

\$1,714,051 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. 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:			
2017	(\$155,173)	(\$370,942)	(\$526,115)
2018	(155,172)	(370,943)	(526,115)
2019	(155,688)	(370,942)	(526,630)
2020	<u>116,733</u>	<u>571,173</u>	<u>687,906</u>
Total	<u>(\$349,300)</u>	<u>(\$541,654)</u>	<u>(\$890,954)</u>

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

9. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3.25 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.

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

9. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (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 Estate	10.00	5.00
Hedge Funds	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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$9,082,425	\$6,549,949	\$4,417,395

Changes between Measurement Date and Report Date In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the School District’s net pension liability is expected to be significant.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

9. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, 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, 2015, 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>10 Year Expected Nominal Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2016. 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, 2015.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

9. DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$32,788,542	\$23,604,580	\$15,838,171

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2016, none of the School District's members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

10. POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

Health Care Plan

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

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. At June 30, 2016, 2015, and 2014, the health care allocations were 0 percent, 0.82 percent, and 0.14 percent, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. 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 2016, the minimum compensation level was established at \$23,000.

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

10. POSTEMPLOYMENT BENEFITS (continued)

School Employees Retirement System (Continued)

The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amounts assigned to health care, including the surcharge, during the 2016, 2015, and 2014 fiscal years equaled \$23,013, \$73,106, and \$73,426, respectively; which is equal to the required amounts for those years.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care plan is included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under *Employer/Audit Resources*.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions.

For fiscal year 2016, STRS Ohio allocated employer contributions equal to 0 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014, were \$0, \$0, and \$88,480, respectively, which equaled the required contributions each year.

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn twelve to eighteen days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made for 25 percent of their accrued, but unused sick leave credit to a maximum of 45 to 75 days depending on the employee's years of service.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Medical and dental insurance is provided by the School District to all employees through a self-insurance program.

Eastland-Fairfield Career & Technical Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

12. LONG-TERM DEBT AND OTHER OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2016 were as follows:

<u>Governmental Activities:</u>	Principal Outstanding 6/30/2015	Additions	Deductions	Principal Outstanding 6/30/2016	Due within One Year
2012 School Improvement and Construction Bonds - 2.95%	\$2,450,000	\$0	\$350,000	\$2,100,000	\$350,000
Capital Lease	53,600	0	13,197	40,403	13,968
Net Pension Liability:					
STRS	18,672,223	2,768,655	0	21,440,878	-
SERS	5,667,626	474,457	0	6,142,083	0
Total Net Pension Liability	24,339,849	3,243,112	0	27,582,961	0
Compensated Absences	1,291,256	582,315	675,111	1,198,460	499,666
<i>Total Governmental Activities</i>	<u>\$28,134,705</u>	<u>\$3,825,427</u>	<u>\$1,038,308</u>	<u>\$30,921,824</u>	<u>\$863,634</u>
<u>Business-Type Activities:</u>	Principal Outstanding 6/30/2015	Additions	Deductions	Principal Outstanding 6/30/2016	Due within One Year
Net Pension Liability:					
STRS	\$1,893,219	\$270,483	\$0	\$2,163,702	\$0
SERS	380,252	27,614	0	407,866	0
Total Net Pension Liability	2,273,471	298,097	0	2,571,568	0
Compensated Absences	45,044	29,068	14,287	59,825	28,718
<i>Total Business-Type Activities</i>	<u>\$2,318,515</u>	<u>\$327,165</u>	<u>\$14,287</u>	<u>\$2,631,393</u>	<u>\$28,718</u>

On August 10, 2011, the School District issued \$3,500,000 School Construction and Improvement Bonds at an average rate of 2.95 percent per annum with a maturity date of December 1, 2021. These payments are being made from the Debt Service Fund.

Compensated absences will be paid from the fund from which employees' salaries are paid with the significant funds being the General Fund and the Adult Education Fund.

The School District's overall legal debt margin was \$674,136,347 with an un-voted debt margin of \$7,513,737.

Eastland-Fairfield Career & Technical Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

12. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

A summary of the School District's future long-term debt funding requirements as of June 30, 2016, follows:

	2012 School Improvement Construction Bonds		
	Principal	Interest	Total
2017	\$ 350,000	\$ 56,788	\$ 406,788
2018	350,000	46,463	396,463
2019	350,000	36,138	386,138
2020	350,000	25,813	375,813
2021	350,000	15,488	365,488
2022	350,000	5,163	355,163
	\$ 2,100,000	\$ 185,853	\$ 2,285,853

Capital Lease Obligation

In fiscal year 2014, the School District entered into a capital lease for copiers and printers. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease payments will be classified as debt service in the General Fund in the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The capital assets acquired by the lease have been capitalized in the statement of net position for governmental activities in the amount of \$69,077. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2016 totaled \$13,197. The lease obligations are being repaid from the General Fund.

The School District's future minimum lease payments under capital lease obligations for Governmental Activities as of June 30, 2016 are as follows:

Fiscal Year Ending June 30,	Payments
2017	15,906
2018	15,907
2019	11,929
	43,742
Less: Interest	(3,339)
Present Value of Minimum Lease Payments	\$40,403

Eastland-Fairfield Career & Technical Schools
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016

13. INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2016, were as follows:

Fund	Transfer From	Transfer To
<i>Major Governmental Fund</i>		
General	\$517,113	\$-
<i>Non-Major Funds</i>		
Bond Retirement	-	417,113
Food Service	-	100,000
Total Non-Major Funds	-	517,113
Total	\$517,113	\$517,113

Transfers were made from the General Fund to move unrestricted balances to pay debt and to support programs and projects accounted for in other funds.

Interfund Balances

Interfund balances at June 30, 2016, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2017 fiscal year:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$213,747	\$-
Non Major Special Revenue Funds:		
Food Service	-	80,000
ABLE Grant	-	18,599
Secondary Perkins Grant	-	115,148
Total Non Major Special Revenue Funds	-	213,747
Total All Funds	\$213,747	\$213,747

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds, and the School District's food service operations. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

14. SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

The following information describes the change in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Maintenance</u>
Set-aside Cash Balance as of June 30, 2015	\$0
Current year set-aside requirement	204,775
Qualifying disbursements	<u>(204,775)</u>
Set-aside Reserve Balance as of June 30, 2016	<u><u>\$0</u></u>

The School District had qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserves. The excess amount in the Capital Maintenance Reserve may not be carried forward.

15. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2016, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any legal proceedings.

C. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective beginning with the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 or June 30, 2016 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

16. INSURANCE PURCHASING POOL

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

Eastland-Fairfield Career & Technical Schools

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2016*

17. RECEIVABLES

Receivables at June 30, 2016, consisted of property taxes, interest, interfund, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Major Fund:	
General	\$ 139,502
Non-Major Funds:	
Able Instructional	18,597
Carl D. Perkins Secondary	<u>115,148</u>
Total Non-Major Funds	<u>133,745</u>
Total	<u><u>\$ 273,247</u></u>

18. FUND BALANCES

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

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepays	<u>\$ 136,996</u>	<u>\$ 2,385</u>	<u>\$ 139,381</u>
Restricted for			
Capital Improvements	-	12,400	12,400
Other Purposes	-	2,317	2,317
Total Restricted	<u>-</u>	<u>14,717</u>	<u>14,717</u>
Assigned to			
FY2017 Appropriations	5,542,063	-	5,542,063
Encumbrances	839,188	-	839,188
Total Assigned	<u>6,381,251</u>	<u>-</u>	<u>6,381,251</u>
Unassigned (Deficit)	<u>14,536,591</u>	<u>(120,293)</u>	<u>14,416,298</u>
Total Fund Balances	<u><u>\$ 21,054,838</u></u>	<u><u>\$ (103,191)</u></u>	<u><u>\$ 20,951,647</u></u>

19. COMMITMENTS

A. Contractual

As of June 30, 2016, the School District's contractual purchase commitments from the General and Building Funds are as follows:

Vendor	Contract Amount	Amount Expended	Balance at 06/30/2016
SHP Leading Design	\$477,863	\$283,475	\$194,388

Eastland-Fairfield Career & Technical Schools

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2016

19. COMMITMENTS (continued)

B. Encumbrances

At June 30, 2016, the School District had significant encumbrance commitments in the following governmental funds:

<u>Fund</u>	<u>Amount</u>
Major Fund:	
General	\$990,822
	<hr/>
Total Encumbrances	<u>\$990,822</u>

20. NEW ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2016, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. These changes were incorporated in the School District's fiscal year 2016 note disclosures; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and 68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School District.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School District.

Eastland-Fairfield Career and Technology Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 18,503,280,961	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	<u>12,797,184,030</u>	<u>12,820,884,107</u>	<u>11,300,482,029</u>
Net pension liability	5,706,096,931	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.1147886%	0.1195010%	0.1195010%
School District's proportionate share of the net pension liability	\$ 6,549,949	\$ 6,047,878	\$ 7,106,341
School District's covered-employee payroll	\$ 3,286,089	\$ 3,651,624	\$ 3,545,708
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	199.30%	165.60%	200.40%
Plan fiduciary net position as a percentage of the total pension liability	69.20%	71.70%	65.50%

(1) Information prior to 2013 is not available

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

Eastland-Fairfield Career and Technology Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Three Years (1)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 99,014,653,744	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	<u>71,377,578,736</u>	<u>71,843,596,331</u>	<u>65,392,746,348</u>
Net pension liability	27,637,075,008	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.08540911%	0.08454982%	0.08454982%
School District's proportionate share of the net pension liability	\$ 23,604,580	\$ 20,565,442	\$ 24,497,420
School District's covered-employee payroll	\$ 8,911,007	\$ 8,638,923	\$ 9,478,638
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	264.90%	238.10%	258.40%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available

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

Eastland-Fairfield Career and Technology Center
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 483,973	\$ 455,452	\$ 481,284	\$ 490,726	\$ 313,588	\$ 327,388	\$ 555,095	\$ 314,654	\$ 346,578	\$ 311,673
Contributions in relation to the contractually required contribution	(483,973)	(455,452)	(481,284)	(490,726)	(313,588)	(327,388)	(555,095)	(314,654)	(346,578)	(311,673)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered-employee payroll	\$ 3,491,869	\$ 3,286,089	\$ 3,651,624	\$ 3,545,708	\$ 2,331,509	\$ 2,604,519	\$ 4,099,668	\$ 3,197,703	\$ 3,529,308	\$ 2,918,287
Contributions as a percentage of covered employee payroll	13.86%	13.86%	13.18%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Eastland-Fairfield Career and Technology Center
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	\$ 1,202,436	\$ 1,247,541	\$ 1,123,060	\$ 1,232,223	\$ 1,282,195	\$ 1,235,717	\$ 1,306,870	\$ 1,352,146	\$ 1,261,241	\$ 1,150,544
Contributions in relation to the contractually required contribution	(1,202,436)	(1,247,541)	(1,123,060)	(1,232,223)	(1,282,195)	(1,235,717)	(1,306,870)	(1,352,146)	(1,261,241)	(1,150,544)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District covered-employee payroll	\$ 8,588,829	\$ 8,911,007	\$ 8,638,923	\$ 9,478,638	\$ 9,863,038	\$ 9,505,515	\$ 10,052,846	\$ 10,401,123	\$ 9,701,854	\$ 8,850,338
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid Cluster:		
Federal Pell Grant Program	84.063	\$ 345,073
Federal Direct Student Loans	84.268	577,571
Total Student Financial Aid Cluster		<u>922,644</u>
Passed Through Ohio Department of Education		
Career and Technical Education - Basic Grants to States	84.048	932,083
Improving Teacher Quality State Grants	84.367	2,627
Adult Education - Basic Grants to States	84.002	<u>291,958</u>
Total Passed Through Ohio Department of Education:		<u>1,226,668</u>
Total U.S. Department of Education		<u>2,149,312</u>
Total Expenditures of Federal Awards		<u><u>\$ 2,149,312</u></u>

The accompanying notes are an integral part of this schedule.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Eastland-Fairfield Career & Technical Schools, Franklin County, Ohio (the School District's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – GUARANTEED STUDENT LOANS

Non-monetary assistance is reported in the Schedule at the dollar amount of guaranteed student loans disbursed.



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

Eastland-Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career & Technical Schools, Franklin County, (the School District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 23, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District'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 School District'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 School District'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 School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District'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

February 23, 2017



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 THE UNIFORM GUIDANCE

Eastland-Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Eastland-Fairfield Career & Technical School's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Eastland-Fairfield Career & Technical School's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 School District'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 School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, the Eastland-Fairfield Career & Technical School 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, 2016.

Report on Internal Control Over Compliance

The School District'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 School District'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 the Uniform Guidance, 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 School District'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 Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 23, 2017

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOL
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

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 weaknesses in internal control 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 weaknesses in internal control 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 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 84.048 Career and Technical Education – Basic Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.



Dave Yost • Auditor of State

EASTLAND – FAIRFIELD CAREER AND TECHNICAL SCHOOL

FRANKLIN 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
MARCH 16, 2017**