



Dave Yost • Auditor of State



**WARREN COUNTY CAREER CENTER  
WARREN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Warren County Career Center  
Warren County  
3529 N. State Route 48  
Lebanon, Ohio 45036

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Warren County Career Center, Warren County, Ohio (the Career Center), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Warren County Career Center, Warren County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education 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 Career Center'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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2016, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

December 26, 2016

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**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

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The discussion and analysis of Warren County Career Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the transmittal letter, review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Center's performance.

**Financial Highlights**

Key financial highlights for 2016 are as follows:

- Net position of governmental activities increased \$2,564,935 which represents a 185% increase from 2015.
- General revenues accounted for \$15,940,926 in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,504,715 or 22% of total revenues of \$20,445,641.
- The Center had \$17,880,706 in expenses related to governmental activities; \$4,504,715 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,940,926 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

**Government-wide Financial Statements**

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2016?" The Government-wide Financial Statements answers this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's net position and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

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In the Government-wide Financial Statements, the overall financial position of the Center is presented in the following manner:

- **Governmental Activities** – Most of the Center's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the Center's major fund begins on the balance sheet. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

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

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

**The Center as a Whole**

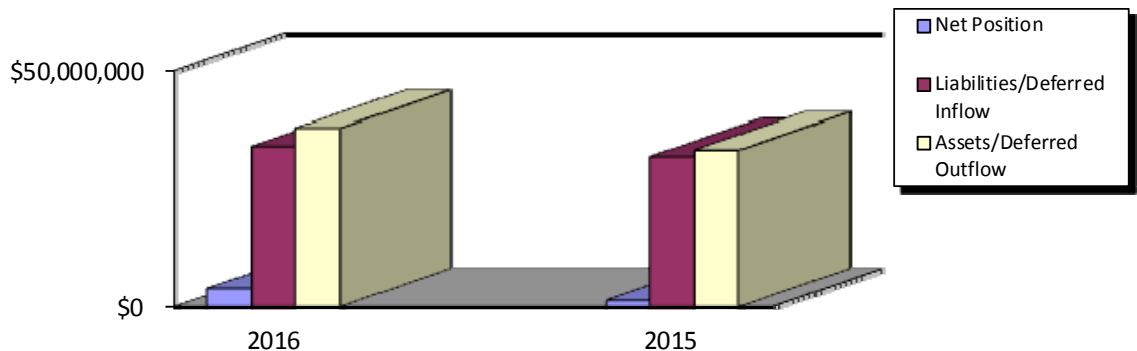
As stated previously, the Statement of Net Position looks at the Center as a whole. Table 1 provides a summary of the Center's net position for fiscal year 2016 compared to fiscal year 2015:

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**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
(Unaudited)

**Table 1**  
**Net Position**

	Governmental Activities	
	2016	2015
Assets:		
Current and Other Assets	\$26,278,818	\$23,205,661
Capital Assets	8,129,272	8,514,193
<b>Total Assets</b>	<b>34,408,090</b>	<b>31,719,854</b>
Deferred Outflows of Resources:		
Pension	2,296,800	1,468,709
<b>Total Deferred Outflows of Resources</b>	<b>2,296,800</b>	<b>1,468,709</b>
Liabilities:		
Other Liabilities	1,041,537	1,146,038
Long-Term Liabilities	23,764,739	21,068,581
<b>Total Liabilities</b>	<b>24,806,276</b>	<b>22,214,619</b>
Deferred Inflows of Resources:		
Property Taxes	6,281,026	5,913,771
Grants and Other Taxes	137,023	0
Pension	1,530,862	3,675,405
<b>Total Deferred Inflows of Resources</b>	<b>7,948,911</b>	<b>9,589,176</b>
Net Position:		
Net Investment in Capital Assets	7,547,810	7,902,152
Restricted	671,584	2,557,165
Unrestricted	(4,269,691)	(9,074,549)
<b>Total Net Position</b>	<b>\$3,949,703</b>	<b>\$1,384,768</b>



**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**(Unaudited)**

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Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the Center's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$3,949,703.

At year-end, capital assets represented 24% of total assets. Capital assets include land, buildings and improvements, vehicles and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2016, were \$7,547,810. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, \$671,584 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current Assets increased from fiscal year 2015 mainly due to an increase in cash and investments and property tax receivables at fiscal year 2016 compared to fiscal year 2015. Capital Assets decreased from fiscal year 2015 mainly due to depreciation expense being greater than current year additions. Total Liabilities increased mainly due to an increase in Net Pension Liabilities.

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**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
(Unaudited)

Table 2 shows the changes in net position for fiscal years 2016 and 2015.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2016	2015
Revenues:		
Program Revenues		
Charges for Services	\$3,209,605	\$2,919,204
Operating Grants, Contributions	1,295,110	1,269,470
General Revenues:		
Property Taxes	8,488,926	9,800,037
Grants and Entitlements	6,955,396	6,527,775
Other	496,604	506,422
Total Revenues	<u>20,445,641</u>	<u>21,022,908</u>
Program Expenses:		
Instruction	10,062,413	9,915,840
Support Services:		
Pupil and Instructional Staff	2,106,872	2,133,981
School Administrative, General		
Administration, Fiscal and Business	2,395,515	2,316,914
Operations and Maintenance	1,369,363	1,315,687
Pupil Transportation	218,664	192,751
Central	1,130,600	1,252,648
Operation of Non-Instructional Services	469,625	469,912
Extracurricular Activities	99,309	78,842
Interest and Fiscal Charges	28,345	543,834
Total Program Expenses	<u>17,880,706</u>	<u>18,220,409</u>
Change in Net Position	2,564,935	2,802,499
Net Position - Beginning of Year	<u>1,384,768</u>	<u>(1,417,731)</u>
Net Position - End of Year	<u>\$3,949,703</u>	<u>\$1,384,768</u>

The Center's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 76% of the Center's revenues for governmental activities.

The Center depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

**Warren County Career Center, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
(Unaudited)

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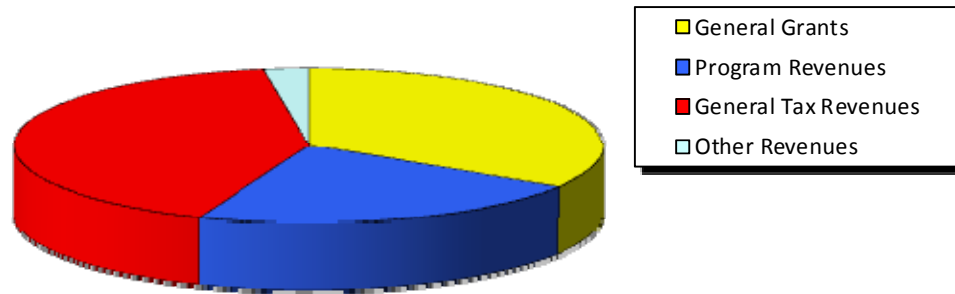
Thus Ohio Schools do not receive additional property tax revenue from an increase in appraisal values and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 42% of revenues for governmental activities for the Center in fiscal year 2016. The Center’s reliance upon tax revenues is demonstrated by the following graph:

**Governmental Activities**  
**Revenue Sources**

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	2016	Percentage
General Grants	\$6,955,396	34.01%
Program Revenues	4,504,715	22.03%
General Tax Revenues	8,488,926	41.52%
Other Revenues	496,604	2.44%
Total Revenue Sources	<u>\$20,445,641</u>	<u>100.00%</u>



Instruction comprises 56.28% of governmental program expenses. Support services expenses were 40.38% of governmental program expenses. All other expenses were 3.34%.

Grants and Entitlements increased in fiscal year 2016 as compared to fiscal year 2015 because the Center received more grant monies in 2016 compared to 2015.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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.

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**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
(Unaudited)

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2016	2015	2016	2015
Instruction	\$10,062,413	\$9,915,840	(\$7,293,096)	(\$7,563,610)
Support Services:				
Pupil and Instructional Staff	2,106,872	2,133,981	(1,715,440)	(1,921,104)
School Administrative, General				
Administration, Fiscal and Business	2,395,515	2,316,914	(1,989,365)	(1,900,780)
Operations and Maintenance	1,369,363	1,315,687	(1,338,962)	(1,267,381)
Pupil Transportation	218,664	192,751	(218,664)	(192,751)
Central	1,130,600	1,252,648	(536,778)	(529,487)
Operation of Non-Instructional Services	469,625	346,647	(186,628)	(59,090)
Extracurricular Activities	99,309	78,842	(68,713)	(78,842)
Interest and Fiscal Charges	28,345	543,834	(28,345)	(543,834)
Bond Issuance Costs	0	0	0	0
Total Expenses	<u>\$17,880,706</u>	<u>\$18,097,144</u>	<u>(\$13,375,991)</u>	<u>(\$14,056,879)</u>

**The Center's Funds**

The Center has three major governmental funds: the General Fund, Adult Education Fund and the Permanent Improvement Fund. Assets of the major funds comprised \$25,768,129 (97%) of the total \$26,523,352 governmental funds assets.

**General Fund:** Fund balance at June 30, 2016 was \$15,000,491, an increase in fund balance of \$1,659,055 from 2015. The fund balance increased mostly due to an increase in property other taxes from 2016 to 2015.

**Adult Education Fund:** Fund balance at June 30, 2016 was \$157,940 an increase in fund balance of \$38,190 from 2015. The fund balance remained relatively constant with prior year.

**Permanent Improvement Fund:** Fund balance at June 30, 2016 was \$2,835,808, an increase in fund balance of \$825,963 from 2015. The fund balance increased mostly due to a decrease in overall expenditures from 2016 to 2015.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2016, the Center amended its General fund budgets; however none were significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the

**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
(Unaudited)

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Center revised the Budgets in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$18,247,901 compared to original budget estimates of \$16,003,521.

The Center's ending unobligated cash balance for the General Fund was \$13,210,570.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2016, the Center had \$8,129,272 invested in land, vehicles, buildings and improvements and equipment. Table 4 shows fiscal year 2016 balances compared to fiscal year 2015:

**Table 4**  
**Capital Assets at Year End**  
**(Net of Depreciation)**

---

	Governmental Activities	
	2016	2015
Land	\$456,000	\$456,000
Land Improvements	181,899	180,258
Buildings and Improvements	6,432,697	6,960,139
Equipment	988,998	186,475
Equipment	69,678	731,321
Total Net Capital Assets	<u>\$8,129,272</u>	<u>\$8,514,193</u>

The decrease in capital assets is due to depreciation expense exceeding current year additions.

See Note 9 to the basic financial statements for further details on the Center's capital assets.

**Debt**

At June 30, 2016, the Center had \$581,462 in general obligation bonds outstanding and capital leases outstanding, \$92,214 due within one year. Table 5 summarizes debt outstanding:

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**Warren County Career Center, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
(Unaudited)

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**Table 5**  
**Outstanding Debt, at Year End**

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	Governmental Activities	
	2016	2015
General Obligation Bonds:		
2011 Energy Conservation Notes	\$525,000	\$600,000
Total Bonds	<u>\$525,000</u>	<u>\$600,000</u>
Capital Leases	56,462	12,041
Long-Term Debt	<u>\$581,462</u>	<u>\$612,041</u>

See Note 15 in the notes to the basic financial statements for further details on the Center's outstanding debt.

**Contacting the Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Treasurer, Warren County Career Center, 3529 N. SR 48, Lebanon, Ohio 45036.

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Warren County Career Center, Warren County, Ohio  
Statement of Net Position  
June 30, 2016

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$17,730,247
Receivables (Net):	
Taxes	8,287,744
Accounts	18,275
Intergovernmental	225,992
Prepays	8,975
Inventory	7,585
Nondepreciable Capital Assets	456,000
Depreciable Capital Assets, Net	<u>7,673,272</u>
 Total Assets	 <u>34,408,090</u>
Deferred Outflows of Resources:	
Pension	<u>2,296,800</u>
 Total Deferred Outflows of Resources	 <u>2,296,800</u>
Liabilities:	
Accounts Payable	153,528
Accrued Wages and Benefits	885,909
Accrued Interest Payable	2,100
Long-Term Liabilities:	
Due Within One Year	261,328
Due In More Than One Year	
Net Pension Liability	22,872,554
Other Amounts	<u>630,857</u>
 Total Liabilities	 <u>24,806,276</u>
Deferred Inflows of Resources:	
Property Taxes	6,281,026
Grants and Other Taxes	137,023
Pension	<u>1,530,862</u>
 Total Deferred Inflows of Resources	 <u>7,948,911</u>
Net Position:	
Net Investment in Capital Assets	7,547,810
Restricted for:	
Local / State Grants	1,395
Federal Grants	14,194
Capital Improvements	629,662
Food Service	21,841
Other Purposes	4,492
Unrestricted	<u>(4,269,691)</u>
 Total Net Position	 <u><u>\$3,949,703</u></u>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Special	\$194,531	\$0	\$0	(\$194,531)
Vocational	8,201,983	952,845	300,287	(6,948,851)
Adult/Continuing	1,665,899	1,115,418	400,767	(149,714)
<b>Support Services:</b>				
Pupil	1,098,263	48,617	98,102	(951,544)
Instructional Staff	1,008,609	94,899	149,814	(763,896)
General Administration	35,941	0	0	(35,941)
School Administration	1,801,852	311,290	77,377	(1,413,185)
Fiscal	533,551	0	3,088	(530,463)
Business	24,171	11,953	2,442	(9,776)
Operations and Maintenance	1,369,363	25,243	5,158	(1,338,962)
Pupil Transportation	218,664	0	0	(218,664)
Central	1,130,600	439,706	154,116	(536,778)
Operation of Non-Instructional Services	469,625	179,038	103,959	(186,628)
Extracurricular Activities	99,309	30,596	0	(68,713)
Interest and Fiscal Charges	28,345	0	0	(28,345)
<b>Total Governmental Activities</b>	<b>\$17,880,706</b>	<b>\$3,209,605</b>	<b>\$1,295,110</b>	<b>(13,375,991)</b>

**General Revenues:**

Property Taxes Levied for:

General Purposes	8,488,926
Grants and Entitlements, Not Restricted	6,955,396
Revenue in Lieu of Taxes	95,367
Investment Earnings	161,550
Other Revenues	239,687

Total General Revenues 15,940,926

Change in Net Position 2,564,935

Net Position - Beginning of Year, Restated 1,384,768

Net Position - End of Year \$3,949,703

See accompanying notes to the basic financial statements.

## Warren County Career Center, Warren County, Ohio

## Balance Sheet

## Governmental Funds

June 30, 2016

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$13,851,844	\$357,436	\$2,848,698	\$672,269	\$17,730,247
<b>Receivables (Net):</b>					
Taxes	8,287,744	0	0	0	8,287,744
Accounts	18,275	0	0	0	18,275
Intergovernmental	150,623	0	0	75,369	225,992
Interfund	231,376	0	13,158	0	244,534
Prepays	8,975	0	0	0	8,975
Inventory	0	0	0	7,585	7,585
<b>Total Assets</b>	<b>22,548,837</b>	<b>357,436</b>	<b>2,861,856</b>	<b>755,223</b>	<b>26,523,352</b>
<b>Liabilities:</b>					
Accounts Payable	94,765	18,237	26,048	14,478	153,528
Accrued Wages and Benefits	885,736	173	0	0	885,909
Compensated Absences	21,427	0	0	0	21,427
Interfund Payable	0	181,086	0	63,448	244,534
<b>Total Liabilities</b>	<b>1,001,928</b>	<b>199,496</b>	<b>26,048</b>	<b>77,926</b>	<b>1,305,398</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	6,409,395	0	0	0	6,409,395
Grants and Other Taxes	137,023	0	0	23,561	160,584
<b>Total Deferred Inflows of Resources</b>	<b>6,546,418</b>	<b>0</b>	<b>0</b>	<b>23,561</b>	<b>6,569,979</b>
<b>Fund Balances:</b>					
Nonspendable	8,975	0	0	0	8,975
Restricted	0	0	0	663,491	663,491
Assigned	2,741,377	157,940	2,835,808	0	5,735,125
Unassigned	12,250,139	0	0	(9,755)	12,240,384
<b>Total Fund Balances</b>	<b>15,000,491</b>	<b>157,940</b>	<b>2,835,808</b>	<b>653,736</b>	<b>18,647,975</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$22,548,837</b>	<b>\$357,436</b>	<b>\$2,861,856</b>	<b>\$755,223</b>	<b>\$26,523,352</b>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2016

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Total Governmental Fund Balance \$18,647,975

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.

Capital assets used in the operation of Governmental Funds 8,129,272

Other long-term assets are not available to pay for current-  
 period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	\$128,369	
Intergovernmental	<u>23,561</u>	
		151,930

In the statement of net position interest payable is accrued when  
 incurred; whereas, in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources.

(2,100)

Some liabilities reported in the statement of net position do not  
 require the use of current financial resources and, therefore,  
 are not reported as liabilities in governmental funds.

Compensated Absences (289,296)

Deferred outflows and inflows of resources related to pensions  
 are applicable to future periods and, therefore, are not  
 reported in the funds.

Deferred outflows of resources related to pensions	\$2,296,800	
Deferred inflows of resources related to pensions	<u>(1,530,862)</u>	
		765,938

Long-term liabilities are not due and payable in the current  
 period and, therefore, are not reported in the funds.

Net Pension Liability	(\$22,872,554)	
Other Amounts	<u>(581,462)</u>	
		<u>(23,454,016)</u>

Net Position of Governmental Activities \$3,949,703

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$8,488,926	\$0	\$0	\$0	\$8,488,926
Tuition and Fees	799,574	2,047,656	0	0	2,847,230
Investment Earnings	144,241	0	17,309	0	161,550
Intergovernmental	6,955,396	418,374	0	853,174	8,226,944
Charges for Services	144,462	0	0	178,508	322,970
Revenue in Lieu of Taxes	115,098	0	0	0	115,098
Other Revenues	220,040	16,249	0	42,804	279,093
<b>Total Revenues</b>	<b>16,867,737</b>	<b>2,482,279</b>	<b>17,309</b>	<b>1,074,486</b>	<b>20,441,811</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Special	199,025	0	0	0	199,025
Vocational	7,588,945	0	0	299,718	7,888,663
Adult/Continuing	0	1,518,608	0	142,075	1,660,683
<b>Support Services:</b>					
Pupil	967,200	65,425	0	83,617	1,116,242
Instructional Staff	696,353	127,371	167,770	111,452	1,102,946
General Administration	36,122	0	0	0	36,122
School Administration	1,396,555	403,634	0	13,383	1,813,572
Fiscal	532,445	0	0	3,000	535,445
Business	0	16,050	0	0	16,050
Operations and Maintenance	1,287,640	33,895	17,090	0	1,338,625
Pupil Transportation	196,458	0	22,508	0	218,966
Central	319,850	542,229	0	58,061	920,140
Operation of Non-Instructional Services	117,275	435	0	350,190	467,900
Extracurricular Activities	100,010	0	0	0	100,010
Capital Outlay	118,643	0	183,978	0	302,621
<b>Debt Service:</b>					
Principal Retirement	87,041	12,394	0	0	99,435
Interest and Fiscal Charges	27,462	1,183	0	0	28,645
<b>Total Expenditures</b>	<b>13,671,024</b>	<b>2,721,224</b>	<b>391,346</b>	<b>1,061,496</b>	<b>17,845,090</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,196,713</b>	<b>(238,945)</b>	<b>(374,037)</b>	<b>12,990</b>	<b>2,596,721</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds of Capital Leases	0	68,856	0	0	68,856
Proceeds from Sale of Assets	636	0	0	0	636
Transfers In	0	208,279	1,200,000	130,015	1,538,294
Transfers (Out)	(1,538,294)	0	0	0	(1,538,294)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,537,658)</b>	<b>277,135</b>	<b>1,200,000</b>	<b>130,015</b>	<b>69,492</b>
<b>Net Change in Fund Balance</b>	<b>1,659,055</b>	<b>38,190</b>	<b>825,963</b>	<b>143,005</b>	<b>2,666,213</b>
<b>Fund Balance - Beginning of Year, Restated</b>	<b>13,341,436</b>	<b>119,750</b>	<b>2,009,845</b>	<b>510,731</b>	<b>15,981,762</b>
<b>Fund Balance - End of Year</b>	<b>\$15,000,491</b>	<b>\$157,940</b>	<b>\$2,835,808</b>	<b>\$653,736</b>	<b>\$18,647,975</b>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2016

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Net Change in Fund Balance - Total Governmental Funds		\$2,666,213
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	\$571,513	
Depreciation Expense	<u>(849,125)</u>	(277,612)
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. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.		
		(107,309)
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	\$1,374,816	
Cost of benefits earned net of employee contributions	<u>(1,106,177)</u>	268,639
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental		3,830
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		99,435
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		
		300
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		(19,705)
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.		
		<u>(68,856)</u>
Change in Net Position of Governmental Activities		<u>\$2,564,935</u>

See accompanying notes to the basic financial statements.



Warren County Career Center, Warren County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2016

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$8,094,524	\$8,975,332	\$8,488,926	(\$486,406)
Revenue in lieu of taxes	143,625	159,254	150,623	(8,631)
Tuition and Fees	762,622	845,606	799,780	(45,826)
Investment Earnings	126,141	139,867	132,287	(7,580)
Intergovernmental	6,632,243	7,353,932	6,955,396	(398,536)
Other Revenues	244,366	270,957	256,273	(14,684)
<b>Total Revenues</b>	<b>16,003,521</b>	<b>17,744,948</b>	<b>16,783,285</b>	<b>(961,663)</b>
Expenditures:				
Current:				
Instruction:				
Special	212,476	191,167	195,191	(4,024)
Vocational	8,323,382	7,488,658	7,646,273	(157,615)
Support Services:				
Pupil	1,064,097	957,382	977,532	(20,150)
Instructional Staff	813,286	731,724	747,125	(15,401)
General Administration	39,425	35,471	36,218	(747)
School Administration	1,584,259	1,425,379	1,455,379	(30,000)
Fiscal	585,111	526,432	537,512	(11,080)
Operations and Maintenance	1,491,221	1,341,672	1,369,910	(28,238)
Pupil Transportation	220,218	198,133	202,303	(4,170)
Central	362,300	325,966	332,827	(6,861)
Operation of Non-Instructional Services	12,633	11,366	11,605	(239)
Extracurricular Activities	125,030	112,491	114,859	(2,368)
Capital Outlay	121,376	109,204	111,502	(2,298)
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	36,359	25,191	27,300	(2,109)
<b>Total Expenditures</b>	<b>15,066,173</b>	<b>13,555,236</b>	<b>13,840,536</b>	<b>(285,300)</b>
Excess of Revenues Over (Under) Expenditures	937,348	4,189,712	2,942,749	(1,246,963)
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	606	672	636	(36)
Advances In	386,717	428,798	405,560	(23,238)
Advances (Out)	(502,461)	(452,071)	(461,586)	(9,515)
Transfers In	66,271	73,482	69,500	(3,982)
Transfers (Out)	(1,750,170)	(1,574,651)	(1,607,793)	(33,142)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,799,037)</b>	<b>(1,523,770)</b>	<b>(1,593,683)</b>	<b>(69,913)</b>
<b>Net Change in Fund Balance</b>	<b>(861,689)</b>	<b>2,665,942</b>	<b>1,349,066</b>	<b>(1,316,876)</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	11,861,504	11,861,504	11,861,504	0
<b>Fund Balance - End of Year</b>	<b>\$10,999,815</b>	<b>\$14,527,446</b>	<b>\$13,210,570</b>	<b>(\$1,316,876)</b>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2016

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$2,596,296	\$2,144,046	\$2,047,656	(\$96,390)
Intergovernmental	581,028	479,818	458,247	(21,571)
Other Revenues	20,603	17,014	16,249	(765)
<b>Total Revenues</b>	<b>3,197,927</b>	<b>2,640,878</b>	<b>2,522,152</b>	<b>(118,726)</b>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,771,915	1,531,100	1,531,102	(2)
Support Services:				
Pupil	77,650	67,097	67,097	0
Instructional Staff	148,170	128,033	128,033	0
School Administration	488,617	422,210	422,211	(1)
Business	18,617	16,087	16,087	0
Operations and Maintenance	39,319	33,975	33,975	0
Central	689,945	596,177	596,178	(1)
Operation of Non-Instructional Services	1,422	1,229	1,229	0
Debt Service:				
Principal Retirement	12,394	12,394	12,394	0
Interest and Fiscal Charges	3,318	1,183	1,183	0
<b>Total Expenditures</b>	<b>3,251,367</b>	<b>2,809,485</b>	<b>2,809,489</b>	<b>(4)</b>
Excess of Revenues Over (Under) Expenditures	(53,440)	(168,607)	(287,337)	(118,730)
Other Financing Sources (Uses):				
Advances In	86,854	71,725	68,500	(3,225)
Advances (Out)	(79,274)	(68,500)	(68,500)	0
Transfers In	674,182	556,746	531,716	(25,030)
Transfers (Out)	(374,307)	(323,437)	(323,437)	0
<b>Total Other Financing Sources (Uses)</b>	<b>307,455</b>	<b>236,534</b>	<b>208,279</b>	<b>(28,255)</b>
<b>Net Change in Fund Balance</b>	<b>254,015</b>	<b>67,927</b>	<b>(79,058)</b>	<b>(146,985)</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	390,085	390,085	390,085	0
<b>Fund Balance - End of Year</b>	<b>\$644,100</b>	<b>\$458,012</b>	<b>\$311,027</b>	<b>(\$146,985)</b>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$56,402
Receivables (Net):	
Accounts	<u>160</u>
Total Assets	<u><u>56,562</u></u>
Liabilities:	
Accounts Payable	101
Other Liabilities	<u>56,461</u>
Total Liabilities	<u><u>\$56,562</u></u>

See accompanying notes to the basic financial statements.

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**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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**Note 1 - Description Of The District And Reporting Entity**

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Warren County Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a seven member Board of Education. The Board of Education is not directly elected. The Board of Education is comprised of members of other elected boards who, by charter, also serve as board members of the Warren County Career Center. None of the School Districts that appoint Board members are financially accountable for the Career Center nor do any appoint a voting majority of the Board.

The Career Center employs 72 certified, 38 classified, 11 administrative, 16 full time Adult Education along with 112 Adjunct Adult Education instructors who serve approximately 38 preschool students, 2,016 secondary students and 4,825 adult students. A vocational school exposes high school and adult students to academic preparation and job training which leads to employment and/or further education upon graduation from high school.

**Reporting Entity**

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

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

The Career Center is associated with three organizations, two jointly governed organizations and one insurance purchasing pool. These organizations are the Southwest Ohio Computer Association, the Jewell Education Foundation, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are discussed in Notes 18 and 19.

**Note 2 - Summary Of Significant Accounting Policies**

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

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Career Center. The effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements; although the fiduciary fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Career Center considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Property taxes, grants and entitlements, revenue in lieu of taxes, tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Career Center.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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**Fund Accounting**

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

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental funds 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 is reported as fund balance.

The Career Center reports the following major governmental funds:

General Fund – The *general fund* is the Career Center’s primary operating fund. It accounts for all financial resources of the Career Center, except those required to be accounted for in another fund.

Adult Education Fund – The *adult education fund* accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from residents and students and reimbursements from the State Department of Education.

Permanent Improvement Fund – The *permanent improvement fund* is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code. This fund was a major fund in prior years and is still considered a significant fund to be reported separately by the Career Center.

Additionally, the Career Center reports the following fund types:

Fiduciary Agency Funds – *Fiduciary Agency Funds* reporting focuses on net position and changes in net position. The Career Center maintains two fiduciary funds, agency funds known as the Pell Grant and Student Activities Funds. The Pell Grant fund accounts for grant proceeds and disbursement to various students within the Career Center. The Student Activities fund was established to account for revenues generated by student managed activities. The Career Center’s agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (although no such grants or contributions were received for the year ending June 30, 2015). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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When both restricted and unrestricted resources are available for use, it is the Career Center's policy to use the restricted resources first, then unrestricted resources as they are needed.

**Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget**

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

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

**Estimated Resources**

Prior to April 1, the Board of Education accepts by formal resolution the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued during fiscal year 2016.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the Career Center. Resolution appropriations by fund must be within the estimated resources as certified by



**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Career Center has chosen to present the budgetary statements in the basic financial statements at the fund and function level even though the legal level of control is at the fund level.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The final budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts.

#### Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a portion of the assigned fund balance for subsequent-year expenditures for general fund and included within the other governmental funds' respective fund balance classification.

#### Lapsing of Appropriations

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

#### **Cash and Cash Equivalents**

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as equity in pooled cash and investments on the statement of net position and fund balance sheets.

During the current fiscal year and at year-end, investments were limited to governmental sponsored agency securities, treasury notes and money market mutual funds.

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 the current fiscal year amounted to \$144,241. The permanent improvement capital projects fund also received interest of \$17,309.

For purpose of the statement of cash flows and for the presentation on the statement of net position and fund balance sheets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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**Inventory (Materials and Supplies)**

Inventories are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories consist of donated food and purchased food and are expensed when used. The balance is reported as a nonspendable fund balance on the governmental balance sheet.

**Capital Assets**

Capital assets, which include land, land improvements, buildings, equipment, and vehicles, are reported on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The Career Center reviewed possible infrastructure assets (roads, bridges, culverts, etc.) which could be required to be capitalized. The Career Center has no infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, equipment, and vehicles of the Career Center are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Building and Building Improvements	50 years
Vehicles and Equipment	5 - 15 years

**Interfund Assets/Liabilities**

On fund financial statements, receivables and payables resulting from transaction-like activities between the Career Center's various funds are classified as interfund receivables/payables. These transactions are consolidated in the statement of net position.

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after twenty years of current service with the Career Center.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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Expenditures or liabilities related to compensated absences are reported in governmental funds only if they are due for payment as matured leave payable. The entire liability is reported on the government-wide statement of net position.

**Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Capital leases, net pension liability and long term notes payable are reported as a liability on the statement of net position.

**Interfund Activity**

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

**Fund Balance**

The Career Center reports the following fund balance categories:

Nonspendable – Nonspendable fund balance relates to the value of consumable inventories.

Restricted – Restricted fund balances relate to money received from local, state or federal grants.

Assigned – Assigned fund balances are balances the Career Center administration have specified the future use.

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.

The Career Center applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (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.

**Net Position**

Net position represents the difference between assets and deferred outflows against liabilities and deferred inflows in the statement of net position. Net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include pension and property taxes. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 11). Delinquent property taxes and grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations, have been recorded as a deferred inflow.

**Pensions**

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

**Expenses/Expenditures**

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

**Exchange/Non-Exchange Transactions**

Revenues 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.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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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.

Non-Exchange Transactions

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Estimates

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

**Note 3 – Implementation of New Accounting Principles**

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For the fiscal year ended June 30, 2016, the Career Center 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 Career Center'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 Career Center.

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

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Career Center.

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 Career Center.

**Note 4 - Budgetary Basis of Accounting**

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Budgetary Basis of Accounting

While the Career Center is reporting net position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - General Fund and Major Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP 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 expenditure for all funds (budget basis) rather than as reported as part of fund balance for governmental fund types (GAAP basis).
- (4) Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for major funds with required budgetary supplemental information. Only the general and major special revenue funds are reported for comparison.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	\$1,659,055	\$38,190
Revenue Accruals	(84,452)	39,873
Expenditure Accruals	120,037	(88,122)
Proceeds of Capital Assets	0	(68,856)
Transfers In	69,500	323,437
Transfers Out	(69,499)	(323,737)
Advances In	405,560	68,500
Advances Out	(461,586)	(68,500)
Encumbrances	(289,549)	(143)
Funds Budgeted Elsewhere	0	0
Budget Basis	<u>\$1,349,066</u>	<u>(\$79,358)</u>

**Note 5 – Accountability**

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At June 30, 2016 the following fund had deficit fund balances:

<u>Non-Major Governmental Funds</u>	<u>Deficit</u>
Perkins Grant	\$9,010
Preschool	745

The deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit by providing operating transfers when cash is required, not when accruals occur.

**Note 6 - Equity in Pooled Cash And Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
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Interim monies held by the Career Center can be deposited or invested in the following securities:

- (1) United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above;
- (4) Bonds and other obligations of the State of Ohio or Ohio local governments;
- (5) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- (6) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
- (7) The State Treasurer's investment pool (STAR Ohio); and,
- (8) Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$7,848,179 of the Career Center's bank balance of \$8,348,246 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name.

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

Investments

As of June 30, 2016, the Career Center had the following investments.



**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Federal Farm Credit Bank - Discount Note	\$199,543	0.54
Federal Home Loan Mortgage Corporation Note	1,082,830	2.71
Negotiable CDs	7,925,236	0.37
Money Market Mutual Funds	<u>281,276</u>	0.00
Total Fair Value	<u><u>\$9,488,885</u></u>	

The Career Center 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. All investments of the Center are valued using quoted market prices.

The Career Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

The Career Center limits their investments to securities in U.S governmental agency notes, US treasury notes and market mutual funds. Below are the credit ratings of the Career Center’s investments:

<u>Security</u>	<u>Rating Agency</u>	
	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Federal Credit Bank - Discount Note	Aaa	AAA
Federal Home Loan Mortgage Corporation Note	Aaa	AAA

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

Concentration of Credit Risk – The Career Center places no limit on the amount it may invest in any one issuer. The Career Center’s investment in Federal Farm Credit Bank – Discount Note represents 2% of the total investments, Federal Home Loan Mortgage Corporation Notes represents 11% of the total investments, the Certificate of Deposit represents 84% of the total investments, and the Money Market Mutual Funds represents 3% of the total investments.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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**Note 7 - Property Taxes**

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Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2016 were based, is as follows:

	2016 First Half Collections		2015 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$3,929,949,410	94.70%	\$3,616,757,930	94.35%
Public Utility	219,904,870	5.30%	216,687,580	5.65%
Total Assessed Value	<u>\$4,149,854,280</u>	<u>100.00%</u>	<u>\$3,833,445,510</u>	<u>100.00%</u>

Property taxes are levied and assessed on a calendar year basis. First half tax collections are received by the Career Center in the second half of the fiscal year. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. All property is required to be revalued every six years.

2016 tangible personal property taxes are levied after April 1, 2015, on the value as of December 31, 2015. Collections are made in 2016. Tangible personal property assessments are six and one quarter

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by February 27. If paid semi-annually, the first payment (at least one-half of amount billed) was due February 27, with the remainder due on July 24.

The county auditor remits portions of the taxes collected with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October to all taxing districts.

The Career Center received property taxes from the Warren County auditor. The county auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2016 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Note 8 – Receivables**

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

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**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

<u>Fund</u>	<u>Amount</u>
General Fund:	\$150,623
Nonmajor Governmental Funds:	
Preschool	564
Career Education	2,242
Able Grant Fund	42,071
Perkins Grant	29,913
Title II-A	579
Total	<u><u>\$225,992</u></u>

**Note 9 - Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$456,000	\$0	\$0	\$456,000
Construction in Progress	0	0	0	0
<b><i>Capital Assets, being depreciated:</i></b>				
Land Improvements	349,974	21,887	0	371,861
Buildings and Improvements	16,089,634	7,954	0	16,097,588
Furniture, Fixtures and Equipment	4,329,450	517,164	302,132	4,544,482
Vehicles	730,582	24,508	132,190	622,900
Totals at Historical Cost	<u>21,955,640</u>	<u>571,513</u>	<u>434,322</u>	<u>22,092,831</u>
Less Accumulated Depreciation:				
Land Improvements	169,716	20,246	0	189,962
Building Improvements	9,129,495	535,396	0	9,664,891
Furniture, Fixtures and Equipment	3,598,129	259,487	302,132	3,555,484
Vehicles	544,107	33,996	24,881	553,222
Total Accumulated Depreciation	<u>13,441,447</u>	<u>849,125</u>	<u>327,013</u>	<u>13,963,559</u>
Governmental Activities Capital Assets, Net	<u>\$8,514,193</u>	<u>(\$277,612)</u>	<u>\$107,309</u>	<u>\$8,129,272</u>

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**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$514,857
Adult Education	23,319
Support Services:	
Instructional Staff	2,536
School Administration	22,236
Business	8,553
Operations and Maintenance	47,805
Pupil Transportation	11,864
Central	215,863
Operation of Non-Instructional Services	<u>2,092</u>
Total Depreciation Expense	<u><u>\$849,125</u></u>

**Note 10 - Risk Management**

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The Career Center 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 the fiscal year 2016, the Career Center contracted with Utica Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate and property and building replacement of \$44,160,841 (which includes the Greentree Health Science Academy) carrying a \$5,000 deductible and 90% coinsurance. Vehicles are also covered under a business policy with Argonaut Insurance Company which carries a \$500 deductible for buses and \$500/\$1,000 comprehensive/collision on other vehicles and a \$1,000,000 limit on liability with \$5,000 deductible for medical and \$1,000,000 for uninsured motorists.

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

For fiscal year 2016, the Career Center participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Career Centers is calculated as one experience and a common premium rate is applied to all Career Centers 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." The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Career Centers that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
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The Career Center provided an option for medical/surgical benefits (PPO administered by Anthem for health care coverage) and prescription coverage through CVS Caremark. The Career Center paid the following amounts:

The Career Center paid for Secondary Instruction staff \$1,199.49 per month for a family plan, \$863.18 for an employee and kids plan, or \$466.62 for single coverage and all other staff the Career Center paid \$1,204.08 per month for a family plan, \$866.48 for an employee and kids plan, or \$468.41 for single coverage for medical and prescription insurance through Anthem – Blue Access which represents 85% of the total premium.

The Career Center paid \$14.36 for family coverage and \$6.16 for single coverage per month to EPC Vision Benefit Plan, which represents eighty-five percent of the premium required.

Dental insurance was provided by Dental Care Plus and the Career Center paid \$90.31 for family coverage and \$31.13 for single coverage for the in-network (HMO), which represents 85% of the total premium. For the Indemnity Coverage (out of network), the Career Center paid \$101.16 for a family plan and \$34.88 for a single plan. The Career Center paid \$3.38 to EPC for Sun Life Insurance Company.

**Note 11 - Defined Benefit Pension Plans**

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**Net Pension Liability**

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

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

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

**Warren County Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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

Plan Description – Career Center non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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, 2.5 percent for years of service credit over 30 or \$86.00 multiplied by the years of service credit. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Career Center’s contractually required contribution to SERS was \$261,549 for fiscal year 2016. Of this amount \$35,517 is reported as accrued wages and benefits.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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

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

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
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become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The Career Center’s contractually required contribution to STRS was \$1,113,267 for fiscal year 2016. Of this amount \$46,023 is reported as accrued wages and benefits.

**Net Pension Liability**

The net pension liability 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 Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$3,601,312	\$19,271,242	\$22,872,554
Proportion of the Net Pension Liability	0.06311340%	0.06972967%	
Pension Expense	227,089	876,324	1,103,413

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

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**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$57,019	\$879,754	\$936,773
Changes in employer proportion and differences between contributions and proportionate share of contributions	(3,160)	(11,629)	(14,789)
Center measurement date	<u>261,549</u>	<u>1,113,267</u>	<u>1,374,816</u>
Total Deferred Outflows of Resources	<u>\$315,408</u>	<u>\$1,981,392</u>	<u>\$2,296,800</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$100,838	\$1,409,583	\$1,510,421
Changes in employer proportion and differences between contributions and proportionate share of contributions	18,485	(23,616)	(5,131)
Changes in employer proportionate share of net pension liability	<u>(118,073)</u>	<u>143,645</u>	<u>25,572</u>
Total Deferred Inflows of Resources	<u>\$1,250</u>	<u>\$1,529,612</u>	<u>\$1,530,862</u>

\$1,374,816 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	(\$5,680)	(\$350,235)	(\$355,915)
2018	(5,680)	(350,235)	(355,915)
2019	(5,945)	(350,236)	(356,181)
2020	<u>73,075</u>	<u>400,848</u>	<u>473,923</u>
Total	<u>\$55,770</u>	<u>(\$649,858)</u>	<u>(\$594,088)</u>

**Warren County Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**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 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
 Total	 <u>100.00 %</u>	

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

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

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
Center's proportionate share of the net pension liability	\$4,993,725	\$3,601,312	\$2,428,785

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 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, including inflation
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.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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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>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>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, 2015. 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.

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

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**Warren County Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Center's proportionate share of the net pension liability	\$26,769,208	\$19,271,242	\$12,930,592

**Note 12 – Postemployment Benefits**

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***School Employee Retirement System***

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, 0.00 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. 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 Career Center's surcharge obligation was \$12,797.

The Career Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$24,196, and \$12,714, respectively. For fiscal year 2015, 96 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2014.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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***State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. 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 did not allocate any employer contributions to post-employment health care. The Career Center’s contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$71,362, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**Note 13 - Compensated Absences**

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The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees may earn up to ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment shall be made for accrued but unused sick days on the basis of 25 percent of member’s actual accumulated sick leave days to a maximum of 60 days.

**Note 14 - Capitalized Leases - Lessee Disclosure**

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In prior years, the Career Center entered into a capital lease for copiers and apple computers totaling \$75,240 and entered into capitalized leases for the acquisition of copiers for \$86,486. The terms of the one agreement provides an option to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis. In 2016, the Career Center entered into a capitalized lease for the acquisition of CAT equipment in the amount of \$68,856.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016:

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**Warren County Career Center**  
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Fiscal Year Ending June 30	Governmental Activities
2017	\$17,514
2018	17,414
2019	17,314
2020	4,873
Less: Amount Representing Interest	(653)
Present Value of Minimum Lease Payments	<u>\$56,462</u>

**Note 15 - Long-Term Liabilities**

The changes in the Career Center's long-term obligations (non-current liabilities) during the year consist of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
2011 Energy Conservation Notes	\$600,000	\$0	\$75,000	\$525,000	\$75,000
Total General Obligation Bonds	600,000	0	75,000	525,000	75,000
<u>Net Pension Liability:</u>					
STRS	17,088,318	3,343,387	1,160,463	19,271,242	0
SERS	3,080,242	656,985	135,915	3,601,312	0
Total Net Pension Liability	20,168,560	4,000,372	1,296,378	22,872,554	0
<u>Capital Leases Payable:</u>					
Copier Lease	12,041	0	12,041	0	0
CAT Equipment Lease	0	68,856	12,394	56,462	17,214
Total Capital Leases	12,041	68,856	24,435	56,462	17,214
Compensated Absences	280,100	176,888	146,265	310,723	169,114
Long-Term Debt	<u>\$21,060,701</u>	<u>\$4,246,116</u>	<u>\$1,542,078</u>	<u>\$23,764,739</u>	<u>\$261,328</u>

**Certificates of Participation Notes** - On February 3, 2009, the Career Center issued \$7,000,000 in certificates of participation notes for the purpose of renovating the current building and related increased capacity. The notes were called on the first call date. As a result, the in-substance defeasance is considered to be defeased and the liability has been removed from the statement of net position.

**Energy Conservation Notes** – On September 8, 2010, the Career Center issued \$881,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate one hundred percent of the interest costs from the Federal government. The notes were issue for a twelve year period with a final maturity of December 1, 2022. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school.

The Career Center's overall legal debt margin was \$344,410,096 with an energy conservation debt margin of \$33,901,010 and an unvoted debt margin of \$3,833,446 at June 30, 2016.

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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Compensated absences will be paid from the fund from which the person is paid which is typically the General Fund. Capital leases will be paid from the General fund.

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2017	\$75,000	\$23,400	\$98,400
2018	75,000	19,800	94,800
2019	75,000	16,200	91,200
2020	75,000	12,600	87,600
2021	75,000	9,000	84,000
2022-2023	150,000	7,200	157,200
Total	\$525,000	\$88,200	\$613,200

**Note 16 – In-Substance Defeasance of Certificates Of Participation**

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On January 7, 2015, the Career Center entered into an Escrow Trust Agreement with Huntington Bank. The agreement required that the Career Center deposit \$5,003,581 into an irrevocable trust with the bank for the payment to final maturity from the 2009 Certificates of Participation. The funds deposited, per the agreement, purchased U.S. Government Securities in substitution of the general obligations of the Career Center. The funds deposited, together with the interest earned thereon, shall be sufficient to pay semi-annual principal and interest payments, thus providing an insubstance defeasance. The defeasance has occurred for the following certificates of participation:

Original Amount Deceased	Amount Outstanding at June 30, 2016
\$4,575,000	\$4,575,000

**Note 17 - Interfund Transactions**

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Interfund balances at June 30, 2016, consist of the following individual receivables and payables and transfers in the governmental balance sheet and proprietary fund statement of net position (such amounts are removed from consolidated columns in the statement of net position):

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$231,376	\$0	\$0	\$1,538,294
Adult Education	0	181,086	208,279	0
Permanent Improvement	13,158	0	1,200,000	0
Nonmajor Funds:				
Special Revenue	0	63,448	130,015	0
Total All Funds	\$244,534	\$244,534	\$1,538,294	\$1,538,294



**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
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The interfund payables are expected to be repaid within one year. The Career Center is continuing to evaluate the user charges in adult education major fund to bring revenue generation in line with expenditures. The transfers are routine in nature with the majority of the money being transferred to the permanent improvement capital projects fund for the Career Center’s share of the roof replacement cost and to help make the debt service refunding payment.

**Note 18 - Jointly Governed Organization**

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The Career Center is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Career Centers. The governing board of SWOCA consists of the superintendent (or the superintendent’s designee) from each member district. The Career Center paid \$62,690 for services provided during the fiscal year. Financial information can be obtained from the fiscal agent, Butler County JVS, 3603 Hamilton- Middletown Road, Hamilton, Ohio 45011.

The Career Center is a participant in the Jewell Education Foundation, which is a jointly governed educational foundation established to benefit the Career Centers in Warren County. The Foundation was created to promote and assist in funding through soliciting grants and charitable contributions for distributions to member educational institutions of participating Career Centers. The governing board is made up of the Warren County Career Center superintendent, one member of the Warren County Career Center Board of Education, not on the current board, and one member submitted by each participating Career Center. The Career Center made no financial contribution to the Foundation. Financial information can be obtained from the Director of Planned Giving, Rick Wood, at P. O. Box 854, Lebanon, Ohio 45036.

**Note 19 - Insurance Purchasing Pool**

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The Career Center participates in the Ohio School Boards Association (OSBA) Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP’s business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the plan. The Career Center paid \$1,055 during 2016 to participate in the pool.

**Note 20 - Statutory Reserves**

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As stated in H.B. 412, the Career Center is required to maintain through reserves for capital acquisitions. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

	Capital Improvements
Set Aside Reserve Balance as of June 30, 2015	\$0
Current Year Set Aside Requirements	153,701
Current Year Offsets	<u>(318,960)</u>
Set Aside Balance as of June 30, 2016	<u><u>(165,259)</u></u>

**Warren County Career Center**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

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Although the Career Center had qualifying disbursements during the year that reduced the capital acquisition below zero, the amount is not carried forward to the next fiscal year.

**Note 21 – Fund Balance Allocation**

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The Career Center has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

<b>Fund Balances</b>	<b>General</b>	<b>Adult Education</b>	<b>Permanent Improvement</b>	<b>Non-Major Funds</b>
Nonspendable on:				
Inventory	\$8,975	\$0	\$0	\$0
Total Nonspendable	8,975	0	0	0
Restricted for:				
Capital Improvements	0	0	0	629,662
Student Scholarships	0	0	0	1,137
Other Grants	0	0	0	3,355
School to Work	0	0	0	1,395
Food Service	0	0	0	21,841
Federal Grants	0	0	0	6,101
Total Restricted	0	0	0	663,491
Assigned to:				
Adult Education	0	157,940	0	0
Budgetary Encumbrances	2,740,588	0	0	0
Capital Improvements	0	0	2,835,808	0
Public School Funds	789	0	0	0
Total Assigned	2,741,377	157,940	2,835,808	0
Unassigned	12,250,139	0	0	(9,755)
Total Fund Balance	\$15,000,491	\$157,940	2,835,808	\$653,736

**Note 22 – Contingencies**

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**Grants**

The Career Center 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2016.

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

**Warren County Career Center  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016**

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**Litigation**

As of June 30, 2016, the Career Center did not have any pending litigation.

**Note 23 – Center Foundation**

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Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional schools 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 Center, 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 Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Center.

**Note 24 – Change in Accounting Principles and Restatement of Fund Balance**

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**Restatement of Fund Balance**

The District reclassified its Enterprise Funds (Customer Service Fund) into the Governmental Funds accordingly.

	General Fund	Enterprise Funds
	<u>                    </u>	<u>                    </u>
Fund Balance/Net Assets, June 30, 2015	\$13,099,373	\$245,794
Fund Reclassification	242,063	(245,794) *
	<u>                    </u>	<u>                    </u>
Fund Balance, June 30, 2016- Restated	<u>\$13,341,436</u>	<u>\$0</u>

\* - \$3,731 of the Enterprise Funds, Net Assets were Capital Assets, Net of Related Debt that is not included in the Fund Balance.

	Governmental Activities	Business-Type Activities
	<u>                    </u>	<u>                    </u>
Net Assets, June 30, 2015	\$1,138,974	\$245,794
Fund Reclassification	245,794	(245,794)
	<u>                    </u>	<u>                    </u>
Net Assets, June 30, 2016 - Restated	<u>\$1,384,768</u>	<u>\$0</u>

# **REQUIRED SUPPLEMENTARY INFORMATION**



Warren County Career Center  
 Required Supplementary Information  
 Schedule of the Center's Proportionate Share  
 of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Three Fiscal Years (1)

	2015	2014	2013
Center's Proportion of the Net Pension Liability	0.06972967%	0.07025447%	0.07025447%
Center's Proportionate Share of the Net Pension Liability	\$19,271,241	\$17,088,318	\$20,355,493
Center's Covered-Employee Payroll	\$7,273,407	\$7,730,223	\$7,679,685
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	252.40%	226.80%	265.06%
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

Warren County Career Center  
 Required Supplementary Information  
 Schedule of the Center's Proportionate Share  
 of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Three Fiscal Years (1)

	2015	2014	2013
Center's Proportion of the Net Pension Liability	0.06311340%	0.06086300%	0.06086300%
Center's Proportionate Share of the Net Pension Liability	\$3,601,312	\$3,080,242	\$3,619,327
Center's Covered-Employee Payroll	\$1,863,703	\$1,676,335	\$1,796,113
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	200.53%	183.75%	201.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) - Information prior to 2013 is not available

Warren County Career Center  
 Required Supplementary Information  
 Schedule of Center Contributions  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$1,113,267	\$1,018,277	\$1,004,929	\$998,359	\$1,036,483	\$1,058,380	\$1,038,413	\$995,511	\$916,596	\$841,974
Contributions in Relation to the Contractually Required Contribution	(1,113,267)	(1,018,277)	(1,004,929)	(998,359)	(1,036,483)	(1,058,380)	(1,038,413)	(995,511)	(916,596)	(841,974)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Center Covered-Employee Payroll	\$7,951,907	\$7,273,407	\$7,730,223	\$7,679,685	\$7,972,946	\$8,141,385	\$7,987,792	\$7,657,777	\$7,050,738	\$6,476,723
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%

Warren County Career Center  
 Required Supplementary Information  
 Schedule of Center Contributions  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually Required Contribution	\$261,549	\$245,636	\$247,598	\$248,582	\$241,951	\$224,989	\$226,832	\$220,108	\$210,281	\$209,892
Contributions in Relation to the Contractually Required Contribution	(261,549)	(245,636)	(247,598)	(248,582)	(241,951)	(224,989)	(226,832)	(220,108)	(210,281)	(209,892)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Center Covered-Employee Payroll	\$1,868,207	\$1,863,703	\$1,786,421	\$1,796,113	\$1,798,892	\$1,789,889	\$1,675,273	\$2,236,870	\$2,141,354	\$1,965,281
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%



**WARREN COUNTY CAREER CENTER  
WARREN COUNTY**

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

<u>Federal Grantor, Pass-Through Grantor, Program Title/Name</u>	<u>Grant Year</u>	<u>CFDA Number</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Passed Through Ohio Department of Education:				
<u>Child Nutrition Cluster:</u>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2016	10.555	0	12,107
Cash Assistance:				
School Breakfast Program	2016	10.553	14,823	0
National School Lunch Program	2016	10.555	84,884	0
Total Child Nutrition Cluster			<u>99,707</u>	<u>12,107</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>99,707</u></b>	<b><u>12,107</u></b>
 <b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<u>Student Financial Aid Cluster:</u>				
Federal Pell Grant Program	2016	84.063	471,351	0
Direct Loan Program	2016	84.268	959,988	0
Total Student Financial Aid Cluster			<u>1,431,339</u>	<u>0</u>
Passed Through Ohio Department of Education:				
Adult Education - Basic Grants to States	2016	84.002	142,711	0
Adult Education - Basic Grants to States	2015	84.002	0	0
Adult Education - Basic Grants to States (EL/Civics)	2016	84.002	8,809	0
Adult Education - Basic Grants to States (EL/Civics)	2015	84.002	0	0
Total CFDA Number 84.002			<u>151,520</u>	<u>0</u>
Improving Teacher Quality State Grants	2016	84.367	1,689	0
Improving Teacher Quality State Grants	2015	84.367	0	0
Total CFDA Number 84.367			<u>1,689</u>	<u>0</u>
Career & Technical Education_Basic Grants to States	2016	84.048	255,406	0
Career & Technical Education_Basic Grants to States	2015	84.048	0	0
Passed Through Butler Technology and Career Development:				
Career & Technical Education_Basic Grants to States	2016	84.048	100,000	0
Career & Technical Education_Basic Grants to States	2015	84.048	0	0
Total CFDA Number 84.048			<u>355,406</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<b><u>1,939,954</u></b>	<b><u>0</u></b>
 <b>Total Federal Assistance</b>			 <b><u>2,039,661</u></b>	 <b><u>12,107</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**WARREN COUNTY CAREER CENTER  
WARREN 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 the Warren County Career Center (the Career Center'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 Career Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Career Center.

**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, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or 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 Career Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Warren County Career Center  
Warren County  
3529 N. State Route 48  
Lebanon, Ohio 45036

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Career Center, Warren County, (the Career Center) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 26, 2016.

### ***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Career Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2016-001 to be a significant deficiency.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Career Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Findings***

The Career Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 26, 2016



# 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

Warren County Career Center  
Warren County  
3529 N. State Route 48  
Lebanon, Ohio 45036

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Warren County Career Center's (the Career Center) 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 Warren County Career Center'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 Career Center's major federal program.

### ***Management's Responsibility***

The Career Center'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 Career Center's compliance for the Career Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program***

In our opinion, the Warren County Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

**Report on Internal Control Over Compliance**

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Career Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with 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 Career Center's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 26, 2016

**WARREN COUNTY CAREER CENTER  
WARREN 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)?	Yes
<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):	Student Financial Aid Cluster- CFDA# 84.063/84.268
<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?	Yes

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

**FINDING NUMBER 2016-001**

**Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Career Center lacked management oversight to ensure that the financial statements reflected the approved original and final Certificate of Estimated Resources amounts.

**FINDING NUMBER 2016-001  
 (Continued)**

Fund	Budget vs Actual Statement Budgeted Revenue	Cert of Estimated Resources	Variance
General Fund Final Budget Revenue	16,457,115	18,247,901	(1,790,786)
Adult Education Fund Final Budget Revenue	3,139,862	3,269,348	(129,486)
Adult Education Fund Original Budget Revenue	3,139,862	3,958,962	(819,100)

The Career Center posted audit adjustments to the accompanying financial statements to correct the above variances.

Failure to properly present accurate budget amounts reduces management's ability to compare the actual financial activity with budgeted amounts. We recommend that the Career Center implement controls to ensure that accurate budget amounts are presented in the financial statements.

**Officials' Response:**

District has reviewed and revised internal controls to prevent any discrepancy in the future.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None





# Dave Yost • Auditor of State

**WARREN COUNTY CAREER CENTER**

**WARREN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 10, 2017**