



Dave Yost • Auditor of State

VANTAGE CAREER CENTER
VAN WERT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual – (Non-GAAP Budgetary Basis) - General Fund.....	19
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds.....	20
Notes to the Basic Financial Statements	21
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	47
Schedule of Prior Audit Findings.....	49

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Vantage Career Center, Van Wert County, Ohio (the Career Center), as of and for the year ended June 30, 2014, 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 Vantage Career Center, Van Wert County, Ohio, as of June 30, 2014, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2015, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

January 13, 2015

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The discussion and analysis of the Vantage Career Center (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$678,533 which represents a 2.35% increase from 2013.
- General revenues accounted for \$8,714,204 in revenue or 79.64% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,227,853 or 20.36% of total revenues of \$10,942,057.
- The Career Center had \$10,263,524 in expenses related to governmental activities; only \$2,227,853 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,714,204 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund, bond retirement fund, and permanent improvement fund. The general fund had \$7,759,433 in revenues and \$6,504,292 in expenditures and other financing uses. The general fund's fund balance increased \$1,255,141 from a balance of \$4,654,612 to \$5,909,753.
- The bond retirement fund had \$1,521,346 in revenues and \$1,364,775 in expenditures. The bond retirement fund's fund balance increased \$156,571 from \$857,369 to \$1,013,940.
- The permanent improvement fund had \$754,527 in revenues and other financing sources and \$526,083 in expenditures. The permanent improvement fund balance increased \$228,444 from \$759,683 to \$988,127.

Using the Basic Financial Statements (BFS)

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The Career Center's statement of net position and statement of activities can be found on pages 1H-1I of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, bond retirement fund, and permanent improvement fund.

Governmental Funds

All of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 1I -2E of this report.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Reporting the Career Center's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-52 of this report.

The Career Center as a Whole

The table below provides a summary of the District's net position at June 30, 2014 and June 30, 2013.

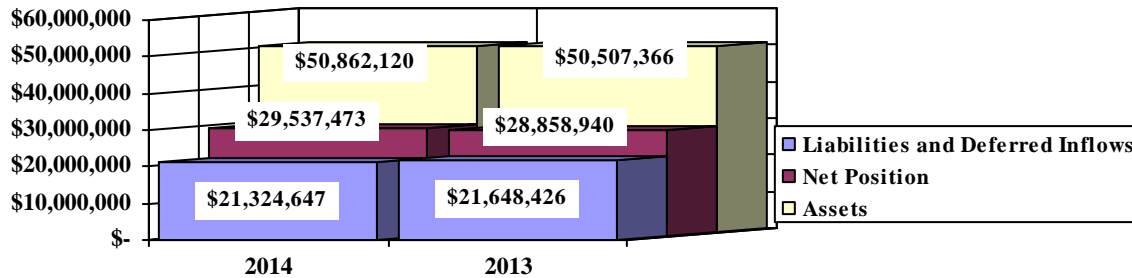
Net Position		
	Governmental Activities 2014	Governmental Activities 2013
Assets:		
Current assets	\$14,759,581	\$13,585,902
Capital assets, net	36,102,539	36,921,464
Total assets	<u>50,862,120</u>	<u>50,507,366</u>
Liabilities:		
Current liabilities	697,672	886,612
Long-term liabilities	16,626,137	17,066,498
Total liabilities	<u>17,323,809</u>	<u>17,953,110</u>
Deferred inflows:		
Property taxes levied for the next fiscal year	3,891,386	3,636,112
Payments in lieu of taxes levied for the next fiscal year	109,452	59,204
Total deferred inflows	<u>4,000,838</u>	<u>3,695,316</u>
Net Position:		
Net investment in capital assets	19,854,792	20,560,934
Restricted	3,570,464	3,213,344
Unrestricted	6,112,217	5,084,662
Total net position	<u>\$29,537,473</u>	<u>\$28,858,940</u>

The table below provides a summary of the Career Center's governmental net position for 2014 and 2013:

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Governmental - Net Position



Certain expenditure classifications have been restated by the District for fiscal year 2013 to conform to fiscal year 2014 presentation due to changes in the reporting of technology expenditures required by the State of Ohio. The table below shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

Change in Net Position

	Governmental Activities 2014	Governmental Activities 2013
Revenues:		
Program revenues:		
Charges for services and sales	\$1,020,553	\$1,152,957
Operating grants and contributions	1,207,300	1,084,284
General revenues:		
Property taxes	4,208,488	3,807,544
Payments in lieu of taxes	253,901	29,602
Grants and entitlements	4,186,407	4,420,748
Investment earnings	42,659	30,259
Miscellaneous	22,749	22,566
Total revenues	10,942,057	10,547,960
Expenses:		
Program expenses:		
Instruction:		
Vocational	5,166,009	4,710,853
Adult education	481,079	627,521
Support services:		
Pupil	532,667	501,177
Instructional staff	695,151	840,271
Board of education	68,090	101,595
Administration	733,271	502,942
Fiscal	387,912	395,230
Business	26,061	28,002
Operations and maintenance	869,357	757,005
Pupil transportation	18,557	24,290
Central	133,771	176,535

(Continued)

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

**Change in Net Position
(Continued)**

	Governmental Activities 2014	Governmental Activities 2013
Operation of non-instructional services:		
Other non-instructional services	33,871	33,810
Food service operations	191,083	193,476
Extracurricular activities	71,012	67,365
Interest and fiscal charges	855,633	863,996
Total expenses	<u>10,263,524</u>	<u>9,824,068</u>
Special item: Loss on disposal of building		<u>(1,445,374)</u>
Changes in net position	678,533	(721,482)
Net position at beginning of year	<u>28,858,940</u>	<u>29,580,422</u>
Net position at end of year	<u>\$29,537,473</u>	<u>\$28,858,940</u>

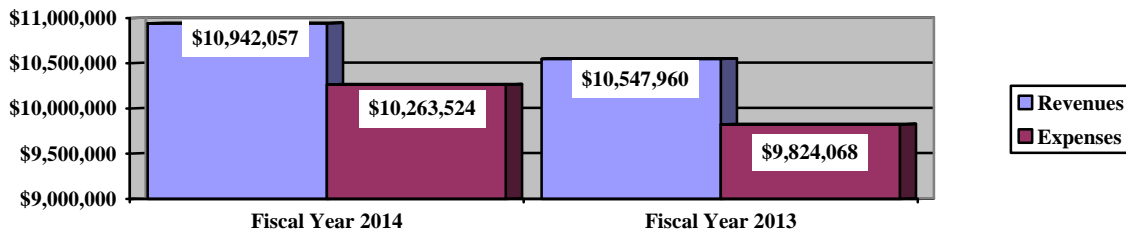
Governmental Activities

Net position of the Career Center's governmental activities increased \$678,533. Total governmental expenses of \$10,263,524 were offset by program revenues of \$2,227,853 and general revenues of \$8,714,204. Program revenues supported 21.71% of the total governmental expenses.

The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 76.72% of total governmental revenues. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2014 and 2013.

Governmental Activities - Revenues and Expenses



Certain expenditure classifications have been restated by the District for fiscal year 2013 to conform to fiscal year 2014 presentation due to changes in the reporting of technology expenditures required by the State of Ohio. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

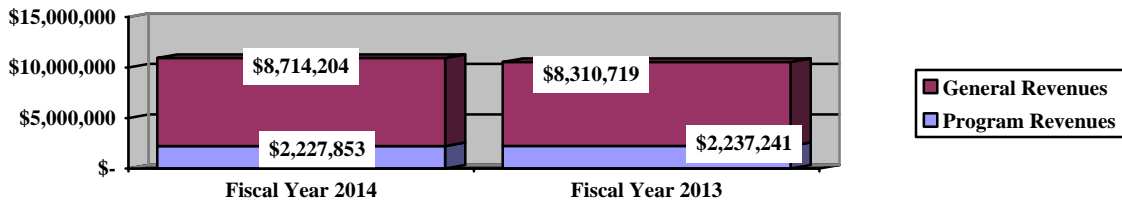
Governmental Activities

	Total Cost of Services 2014	Net Cost of Services 2014	(Restated) Total Cost of Services 2013	(Restated) Net Cost of Services 2013
Program expenses:				
Instruction:				
Vocational	\$5,166,009	\$3,858,741	\$4,710,853	\$3,575,552
Adult education	481,079	126,382	627,521	98,386
Support services:				
Pupil	532,667	338,595	501,177	321,286
Instructional staff	695,151	649,072	840,271	792,967
Board of Education	68,090	68,090	101,595	101,595
Administration	733,271	637,142	502,942	408,866
Fiscal	387,912	386,661	395,230	394,187
Business	26,061	6,776	28,002	9,811
Operations and maintenance	869,357	851,383	757,005	737,044
Pupil transportation	18,557	18,557	24,290	24,290
Central	133,771	126,040	176,535	168,502
Operations of non-instructional services:				
Other non-instructional services	33,871	32,071	33,810	33,810
Food service operations	191,083	9,516	193,476	(10,830)
Extracurricular activities	71,012	71,012	67,365	67,365
Interest and fiscal charges	855,633	855,633	863,996	863,996
Total expenses	<u>\$10,263,524</u>	<u>\$8,035,671</u>	<u>\$9,824,068</u>	<u>\$7,586,827</u>

The dependence upon tax revenues during fiscal year 2014 for governmental activities is apparent, as 70.57% of 2014 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 78.29% in 2014.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2014 and 2013.

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 11) reported a combined fund balance of \$9,868,562, which is higher than last year's total of \$8,651,516. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

	Fund Balance June 30, 2014	Fund Balance June 30, 2013	Increase (Decrease)
General	\$5,909,753	\$4,654,612	\$1,255,141
Bond Retirement	1,013,940	857,369	156,571
Permanent Improvement	988,127	759,683	228,444
Other Governmental	1,956,742	2,379,852	(423,110)
Total	\$9,868,562	\$8,651,516	\$1,217,046

General Fund

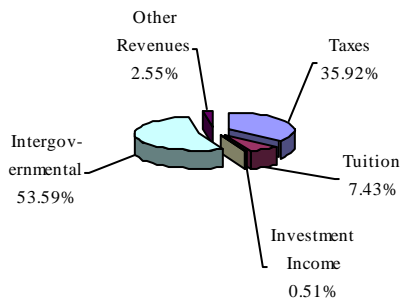
The Career Center's general fund balance increased \$1,255,141 as increasing revenues continue to outpace slightly increasing expenditures.

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

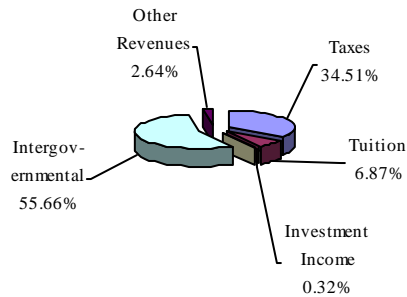
	2014 Amount	2013 Amount	Percentage Change
Revenues:			
Taxes	\$2,786,873	\$2,574,966	8.23 %
Tuition	576,497	512,465	12.49 %
Interest earnings	39,917	23,947	66.69 %
Intergovernmental	4,158,613	4,153,456	0.12 %
Other revenues	197,533	196,942	0.30 %
Total	\$7,759,433	\$7,461,776	3.99 %

Tuition increased 12.49% due to increases in general vocational education. Interest earnings increased 66.69% due to an increase in the amount of investments the District had during the fiscal year. All other revenue remained comparable to the prior fiscal year.

Revenues - Fiscal Year 2014



Revenues - Fiscal Year 2013



**VANTAGE CAREER CENTER
VAN WERT COUNTY**

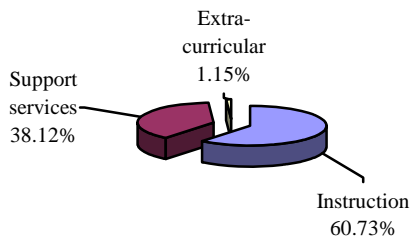
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

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

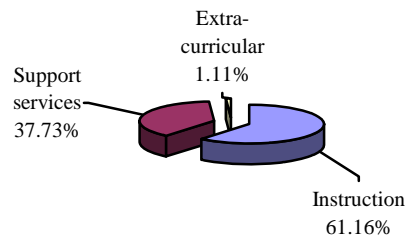
	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
Expenditures:			
Instruction	\$3,762,054	\$3,726,147	0.96 %
Support services	2,361,186	2,298,204	2.74 %
Extracurricular activities	71,012	67,365	5.41 %
Total	<u>\$6,194,252</u>	<u>\$6,091,716</u>	1.68 %

All expenditures remained comparable to the prior fiscal year.

Expenditures - Fiscal Year 2014



Expenditures - Fiscal Year 2013



Bond Retirement Fund

The bond retirement fund had \$1,521,346 in revenues and \$1,364,775 in expenditures. The bond retirement fund's fund balance increased \$156,571 from \$857,369 to \$1,013,940.

Permanent Improvement Fund

The Permanent Improvement fund had \$754,527 in revenues and other financing sources and \$526,083 in expenditures. The Permanent Improvement fund balance increased \$228,444 from \$759,683 to \$988,127.

General Fund Budgeting Highlights

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

During the course of fiscal 2014, the Career Center amended its general fund budget numerous times, none significant. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources \$7,636,523 which were \$301,204 higher than original budget and other financing sources estimates of \$7,335,319. Actual revenues and other financing sources were \$7,634,490; this was \$2,033 lower than final budgeted revenues and other financing sources.

General fund original and final appropriations (expenditures and other financing uses) were \$6,725,529. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$6,421,603 which was \$303,926 less than the final budgeted appropriations.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the Career Center had \$36,102,539 invested in land, land improvements, buildings/improvements, furniture/equipment and vehicles. The following table shows fiscal 2014 balances compared to 2013:

Capital Assets at June 30 (Net of Depreciation)		
	Governmental Activities	
	2014	2013
Land	\$40,000	\$40,000
Land improvements	659,600	702,978
Building/improvements	31,057,750	31,908,542
Furniture/equipment	4,119,978	4,182,057
Vehicles	225,211	87,887
Total	\$36,102,539	\$36,921,464

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

Debt Administration

At June 30, 2014 the Career Center had \$23,112 in capital lease obligations outstanding and \$15,990,000 in general obligation bonds payable. Of this total, \$475,136 is due within one year and \$15,537,976 is due in greater than one year. The following table summarizes the general obligation bonds and lease obligations outstanding.

Outstanding Debt, at Year End		
	Governmental Activities 2014	Governmental Activities 2013
	General obligation bonds:	\$15,990,000
Capital lease obligations	23,112	1,573
Total	\$16,013,112	\$16,456,573

At June 30, 2014 the Career Center's overall legal debt margin was \$101,513,321 with an un-voted debt margin of \$1,294,326.

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)
(Continued)**

Current Financial Related Activity

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

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

The Career Center's enrollment was stable for fiscal year 2014 but at this time 2015 enrollment has decreased. But as the Career Center looks to the future, the Board of Education and administration are actively looking at marketing strategies that will keep our enrollment increasing. The Career Center must provide education that meets the workforce needs. Just recently the Career Center partnered with MIAT and Northwest State Community College to offer classes to the adult students in Alternative Energy and Machine Trades. Internships at the high school level are being implemented with area employers. The high school is continuing to offer educational classes that prepare the student for the workforce as well as higher education.

On November 3, 2009 the district's voters approved a 1.05 mill bond issue to fund additions and renovations to the existing facility. The total project is \$35.7 million and is co-funded by the State of Ohio through the Ohio School Facilities Commission. As of 6/30/2014 the project is 100 percent complete.

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

Contacting the Career Center's Financial Management

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$9,952,594
Receivables:	
Property taxes	4,511,665
Payment in lieu of taxes	109,452
Accounts	273
Accrued interest	6,547
Intergovernmental	30,619
Prepayments	65,161
Materials and supplies inventory	83,270
Capital assets:	
Land	40,000
Depreciable capital assets, net	36,062,539
Capital assets, net	36,102,539
Total assets	50,862,120
Liabilities:	
Accounts payable	6,656
Accrued wages and benefits	515,046
Pension obligation payable	73,425
Intergovernmental payable	33,087
Accrued interest payable	69,458
Long-term liabilities:	
Due within one year	558,033
Due in more than one year	16,068,104
Total liabilities	17,323,809
Deferred inflows:	
Property taxes levied for the next fiscal year	3,891,386
Payments in lieu of taxes levied for the next fiscal year	109,452
Total deferred inflows of resources	4,000,838
Net position:	
Net investment in capital assets	19,854,792
Restricted for:	
Capital projects	1,527,864
Classroom facilities maintenance	804,846
Debt service	1,004,359
Other purposes	233,395
Unrestricted	6,112,217
Total net position	\$29,537,473

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Vocational	\$5,166,009	\$639,174	\$668,094	(\$3,858,741)
Adult/continuing	481,079	173,882	180,815	(126,382)
Support services:				
Pupil	532,667	10,148	183,924	(338,595)
Instructional staff	695,151	7,444	38,635	(649,072)
Board of education	68,090			(68,090)
Administration	733,271	53,675	42,454	(637,142)
Fiscal	387,912	1,251		(386,661)
Business	26,061	19,285		(6,776)
Operations and maintenance	869,357	12,158	5,816	(851,383)
Pupil transportation	18,557			(18,557)
Central	133,771	7,295	436	(126,040)
Operation of non-instructional services:				
Other non-instructional services	33,871		1,800	(32,071)
Food service operations	191,083	96,241	85,326	(9,516)
Extracurricular activities	71,012			(71,012)
Interest and fiscal charges	855,633			(855,633)
Total governmental activities	<u>\$10,263,524</u>	<u>\$1,020,553</u>	<u>\$1,207,300</u>	<u>(8,035,671)</u>
General revenues:				
Property taxes levied for:				
General purposes				2,648,998
Debt service				1,079,087
Capital outlay				480,403
Payments in lieu of taxes				253,901
Grants and entitlements not restricted to specific programs				4,186,407
Investment earnings				42,659
Miscellaneous				22,749
Total general revenues				<u>8,714,204</u>
Change in net position				678,533
Net position at beginning of year				<u>28,858,940</u>
Net position at end of year				<u>\$29,537,473</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$6,073,241	\$911,027	\$944,536	\$2,023,790	\$9,952,594
Receivables:					
Property taxes	2,826,751	1,186,175	498,739		4,511,665
Payment in lieu of taxes	30,501		78,951		109,452
Accounts	273				273
Accrued interest	6,547				6,547
Intergovernmental				30,619	30,619
Prepayments	62,497			2,664	65,161
Materials and supplies inventory	80,391			2,879	83,270
Due from other funds	19,430				19,430
Total assets	<u>9,099,631</u>	<u>2,097,202</u>	<u>1,522,226</u>	<u>2,059,952</u>	<u>14,779,011</u>
Liabilities:					
Accounts payable	5,323			1,333	6,656
Accrued wages and benefits payable	466,313			48,733	515,046
Compensated absences payable	20,900				20,900
Intergovernmental payable	23,697			9,390	33,087
Pension obligation payable	60,285			13,140	73,425
Due to other funds				19,430	19,430
Total liabilities	<u>576,518</u>			<u>92,026</u>	<u>668,544</u>
Deferred inflows:					
Property taxes levied for the next fiscal year	2,438,333	1,023,385	429,668		3,891,386
Delinquent property tax revenue not available	143,454	59,877	25,480		228,811
Accrued interest not available	1,072				1,072
Intergovernmental revenue not available				11,184	11,184
Payments in lieu of taxes levied for the next fiscal year	30,501		78,951		109,452
Total deferred inflows of resources	<u>2,613,360</u>	<u>1,083,262</u>	<u>534,099</u>	<u>11,184</u>	<u>4,241,905</u>
Fund balances:					
Non-spendable:					
Materials and supplies inventory	80,391			2,879	83,270
Prepays	62,497			2,664	65,161
Restricted:					
Debt service		1,013,940			1,013,940
Capital improvements			988,127	503,073	1,491,200
Adult education				197,231	197,231
Classroom facilities maintenance				804,846	804,846
Food service operations				56,179	56,179
Other purposes				1,000	1,000
Committed:					
Capital improvements				438,244	438,244
Assigned:					
Student instruction	1,422				1,422
Student and staff support	6,417				6,417
Other purposes	328,894				328,894
Unassigned (deficit)	5,430,132			(49,374)	5,380,758
Total fund balances	<u>5,909,753</u>	<u>1,013,940</u>	<u>988,127</u>	<u>1,956,742</u>	<u>9,868,562</u>
Total liabilities, deferred inflows and fund balances	<u>\$9,099,631</u>	<u>\$2,097,202</u>	<u>\$1,522,226</u>	<u>\$2,059,952</u>	<u>\$14,779,011</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014**

Total governmental fund balances		\$9,868,562
 <i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		36,102,539
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$228,811	
Accrued interest receivable	1,072	
Intergovernmental receivable	11,184	
Total	241,067	241,067
Unamortized premiums on bonds issued are not recognized in the funds.		(234,635)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(69,458)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(15,990,000)	
Capital lease obligations	(23,112)	
Compensated absences	(357,490)	
Total	(16,370,602)	(16,370,602)
Net position of governmental activities		<u>\$29,537,473</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$2,659,923	\$1,079,034	\$482,961		\$4,221,918
Payment in lieu of taxes	126,950		126,951		253,901
Tuition	576,497			252,735	829,232
Earnings on investments	39,917	1,990		679	42,586
Charges for services				95,894	95,894
Extracurricular	6,734				6,734
Classroom materials and fees	20,989				20,989
Rental income	5,951			450	6,401
Contributions and donations	80,163			1,800	81,963
Contract services	60,947			10	60,957
Other local revenues	22,749			1,627	24,376
Intergovernmental - intermediate	28,151				28,151
Intergovernmental - state	4,130,462	158,945	92,170	373,562	4,755,139
Intergovernmental - federal		281,377		390,202	671,579
Total revenues	<u>7,759,433</u>	<u>1,521,346</u>	<u>702,082</u>	<u>1,116,959</u>	<u>11,099,820</u>
Expenditures:					
Current:					
Instruction:					
Vocational	3,762,054		186,971	83,233	4,032,258
Adult/continuing				453,001	453,001
Support services:					
Pupil	294,518			215,226	509,744
Instructional staff	459,608		153,439	65,419	678,466
Board of education	68,090				68,090
Administration	408,763			122,524	531,287
Fiscal	350,505	33,466	15,252		399,223
Business	26,061				26,061
Operations and maintenance	615,610		55,668	272,087	943,365
Pupil transportation	3,565		84,652		88,217
Central	134,466		280	1,272	136,018
Operation of non-instructional services:					
Other non-instructional services				800	800
Food service operations				174,601	174,601
Extracurricular activities	71,012				71,012
Facilities acquisition and construction				461,946	461,946
Capital outlay			25,680		25,680
Debt service:					
Principal retirement		465,000	4,141		469,141
Interest and fiscal charges		866,309			866,309
Total expenditures	<u>6,194,252</u>	<u>1,364,775</u>	<u>526,083</u>	<u>1,850,109</u>	<u>9,935,219</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,565,181</u>	<u>156,571</u>	<u>175,999</u>	<u>(733,150)</u>	<u>1,164,601</u>
Other financing sources (uses):					
Sale of capital assets			26,765		26,765
Transfers in				310,040	310,040
Transfers (out)	(310,040)				(310,040)
Capital lease transaction			25,680		25,680
Total other financing sources (uses)	<u>(310,040)</u>		<u>52,445</u>	<u>310,040</u>	<u>52,445</u>
Net change in fund balances	1,255,141	156,571	228,444	(423,110)	1,217,046
Fund balances at beginning of year	4,654,612	857,369	759,683	2,379,852	8,651,516
Fund balances at end of year	<u>\$5,909,753</u>	<u>\$1,013,940</u>	<u>\$988,127</u>	<u>\$1,956,742</u>	<u>\$9,868,562</u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds \$1,217,046

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$2,100,309	
Current year depreciation	<u>(1,385,181)</u>	
Total		715,128

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (1,534,053)

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

Property taxes	(13,430)	
Earnings on investments	420	
Intergovernmental	<u>(144,753)</u>	
Total		(157,763)

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

Bonds	465,000	
Capital leases	<u>4,141</u>	
Total		469,141

Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position. (25,680)

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

Accrued interest payable	656	
Amortization of bond premiums	<u>10,020</u>	
Total		10,676

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (15,962)

Change in net position of governmental activities \$678,533

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Property taxes	\$2,614,262	\$2,719,481	\$2,719,481	
Payment in lieu of taxes	29,602	29,602	29,602	
Tuition	373,626	560,212	560,212	
Earnings on investments	50,000	38,000	36,998	(\$1,002)
Classroom materials and fees	15,000	20,989	20,989	
Rental income	200	4,674	4,674	
Other local revenues	5,000	14,345	14,345	
Intergovernmental - intermediate	31,000	29,182	28,151	(1,031)
Intergovernmental - state	4,109,629	4,130,462	4,130,462	
Total revenues	7,228,319	7,546,947	7,544,914	(2,033)
Expenditures:				
Current:				
Instruction:				
Vocational	3,740,979	3,740,979	3,641,981	98,998
Support services:				
Pupil	291,400	291,400	291,400	
Instructional staff	459,628	459,628	459,628	
Board of education	160,453	160,453	68,559	91,894
Administration	418,858	418,858	418,858	
Fiscal	365,372	365,372	348,018	17,354
Operations and maintenance	671,263	671,263	623,583	47,680
Pupil transportation	3,736	3,736	3,736	
Central	133,387	133,387	133,387	
Extracurricular activities	69,213	69,213	69,213	
Total expenditures	6,314,289	6,314,289	6,058,363	255,926
Excess of revenues over expenditures	914,030	1,232,658	1,486,551	253,893
Other financing sources (uses):				
Refund of prior year's expenditures	1,000	18,122	18,122	
Transfers (out)	(311,240)	(311,240)	(311,240)	
Advances in	100,000	62,000	62,000	
Advances (out)	(100,000)	(100,000)	(52,000)	48,000
Sale of capital assets	6,000	9,454	9,454	
Total other financing sources (uses)	(304,240)	(321,664)	(273,664)	48,000
Net change in fund balance	609,790	910,994	1,212,887	301,893
Fund balance at beginning of year	4,531,413	4,531,413	4,531,413	
Prior year encumbrances appropriated	8,843	8,843	8,843	
Fund balance at end of year	\$5,150,046	\$5,451,250	\$5,753,143	\$301,893

See accompanying notes to the basic financial statements.

VANTAGE CAREER CENTER
VAN WERT COUNTY

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2014

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments	\$49,602
Receivables:	
Accounts	<u>75</u>
Total assets	<u><u>49,677</u></u>
Liabilities:	
Held for employees medical and dental reimbursements	14,723
Due to students	<u>34,954</u>
Total liabilities	<u><u>\$49,677</u></u>

See accompanying notes to the basic financial statements.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE CAREER CENTER

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

Career Centers provide job training for residents of participating districts. The Career Center provides various courses of instruction at the high school and adult education level. These courses include office occupation education, computer technology, auto and construction trades and cosmetology. The Career Center also provides support services for the pupils, instructional staff, facilities acquisitions and construction services, operation and maintenance of plant, food services, extracurricular activities, and nonprogrammed services. It is staffed by 29 non-certified employees and 52 certified full-time teaching personnel, who provide services to 443 full-time equivalent students and 1,044 adult education students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative (NOACSC)

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

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

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

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Fiduciary Funds

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

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions

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

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

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

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

2. Deferred Inflows of Resources and Deferred Outflows of Resources

A deferred inflow of resources is an acquisition of net position by the Career Center that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Career Center that is applicable to a future reporting period.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

3. Expenses/Expenditures

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

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

E. Budgets

The Career Center is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2014 is as follows:

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

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

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2014.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2014. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

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

F. Cash and Investments

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

During fiscal year 2014, investments were limited to negotiable and nonnegotiable certificates of deposits, federal agency securities and U.S. Government money market mutual funds. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Career Center, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$39,917, which includes \$13,789 assigned from other funds.

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. At fiscal year-end, because materials and supplies inventory are not available to finance future governmental fund expenditures, a nonspendable fund balance is recorded by an amount equal to the carrying value of the asset on the fund financial statements.

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2014, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service (including a minimum of 5 years of service with the Career Center); or 20 years' service at any age were considered.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2014 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

M. Net Position

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Prepayments

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

O. Estimates

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

P. Interfund Activity

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The Career Center had no extraordinary or special items during fiscal year 2014.

R. Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the government fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the Career Center has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are non-exchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Career Center.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Non-major funds</u>	<u>Deficit</u>
Adult basic education	\$19,730
Resident educator	2
Vocational education enhancement	13
Vocational education	29,629

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

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (State Treasury Asset Reserve of Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all Career Center deposits was \$5,345,475. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$163,388 of the Career Center's bank balance of \$5,432,962 was exposed to custodial risk as discussed below, while \$5,269,574 was covered by the FDIC.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

C. Investments

As of June 30, 2014, the Career Center had the following investments and maturities:

Investment type	Fair Value	<u>Investment Maturities</u>				
		6 months Or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Money market mutual funds	\$977,641	\$977,641				
FHLMC	395,251					\$395,251
FHLB	150,156					150,156
FFCB	148,522					148,522
FNMA	496,419					496,419
Negotiable certificate of deposit	2,487,847	746,610	\$996,246		\$496,544	248,447
Total	\$4,655,836	\$1,724,251	\$996,246	\$0	\$496,544	\$1,438,795

The weighted average maturity of investments is 1.27 years.

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agency, but not in the District'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.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2014:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Money market mutual funds	\$977,641	21.00
FHLMC	395,251	8.49
FHLB	150,156	3.23
FFCB	148,522	3.19
FNMA	496,419	10.66
Negotiable certificate of deposit	<u>2,487,847</u>	<u>53.43</u>
Total	<u>\$4,655,836</u>	<u>100.00</u>

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

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net position as of June 30, 2014:

Cash and investments per note:	
Carrying amount of deposits	\$5,345,475
Investments	4,655,836
Cash on hand	885
Total	<u>\$10,002,196</u>

Cash and investments per statement of net position:	
Governmental activities	\$9,952,594
Agency funds	49,602
Total	<u>\$10,002,196</u>

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2014 as reported on the fund statements, consist of the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General fund	Non-major governmental funds	<u>\$19,430</u>

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

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

B. Interfund transfers for the year ended June 30, 2014, consisted of the following, as reported on the fund financial statements:

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. INTERFUND TRANSACTIONS (Continued)

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

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

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Van Wert, Auglaize, Paulding, Mercer and Putnam Counties. The County Auditors periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$244,964 in the general fund, \$102,913 in the bond retirement fund and \$43,591 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$207,174 in the general fund, \$81,179 in the bond retirement fund and \$37,097 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2014 taxes were collected are:

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

6. PROPERTY TAXES (Continued)

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$1,109,298,820	94.80	\$1,198,752,870	92.60
Public utility personal	61,319,590	5.20	95,573,590	7.40
Total	<u>\$1,170,618,410</u>	<u>100.00</u>	<u>\$1,294,326,460</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$4.85		\$4.85	

7. RECEIVABLES

Receivables at June 30, 2014 consisted of property taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A list of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$4,511,665
Payment in lieu of taxes	109,452
Accounts	273
Intergovernmental	30,619
Accrued interest	6,547
Total receivables	<u>\$4,658,556</u>

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

8. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 06/30/2013	Additions	Deductions	Balance 06/30/2014
Governmental activities				
Capital assets, not being depreciated:				
Land	\$40,000			\$40,000
Total capital assets, not being depreciated	<u>40,000</u>			<u>40,000</u>
Capital assets, being depreciated:				
Land improvements	744,129		(\$7,420)	736,709
Buildings/improvements	32,318,566		(245,316)	32,073,250
Furniture/equipment	7,804,407	\$1,922,966	(2,339,120)	7,388,253
Vehicles	348,178	177,343	(138,196)	387,325
Total capital assets, being depreciated	<u>41,215,280</u>	<u>2,100,309</u>	<u>(2,730,052)</u>	<u>40,585,537</u>
Less: accumulated depreciation:				
Land improvements	(41,151)	(37,905)	1,947	(77,109)
Buildings/improvements	(410,024)	(641,465)	35,989	(1,015,500)
Furniture/equipment	(3,622,350)	(672,997)	1,027,072	(3,268,275)
Vehicles	(260,291)	(32,814)	130,991	(162,114)
Total accumulated depreciation	<u>(4,333,816)</u>	<u>(1,385,181)</u>	<u>1,195,999</u>	<u>(4,522,998)</u>
Governmental activities capital assets, net	<u>\$36,921,464</u>	<u>\$715,128</u>	<u>(\$1,534,053)</u>	<u>\$36,102,539</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$1,192,904
Adult education	21,714
Support services:	
Instructional staff	15,719
Administration	5,372
Fiscal	5,143
Operations and maintenance	91,830
Pupil transportation	17,660
Non-instructional services	33,071
Food service operations	1,768
Total depreciation expense	\$1,385,181

9. CAPITAL LEASES - LESSEE DISCLOSURE

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

Capital assets consisting of a mailing machine have been capitalized in the amount of \$25,680. This amount represents the fair market value of the mailing machine at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2014 was \$3,852, leaving a book value of \$21,828. Principal payments in fiscal year 2014 totaled \$4,141 paid by the permanent improvement fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2014:

Fiscal Year Ending June 30,	Amount
2015	\$5,136
2016	5,136
2017	5,136
2018	5,136
2019	2,568
Total	\$23,112

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. LONG-TERM OBLIGATIONS

A. During fiscal year 2014, the following activity occurred in long-term obligations:

	Balance Outstanding 06/30/2013	Additions	Reductions	Balance Outstanding 06/30/2014	Amounts Due in One Year
Governmental activities:					
General obligation bonds	\$16,455,000		(\$465,000)	\$15,990,000	\$470,000
Capital lease obligations	1,573	25,680	(4,141)	23,112	5,136
Compensated absences	365,270	108,020	(94,900)	378,390	82,897
Total long-term obligations, governmental activities	\$16,821,843	\$133,700	(\$564,041)	16,391,502	\$558,033
				234,635	
				\$16,626,137	

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

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

This issue is comprised of serial and term bonds, par value \$8,264,000 and \$9,605,000, respectively, present value \$17,869,000 at August 8, 2010.

Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated on this issue is December 1, 2037. The bonds bear an annual interest rate of 0.600 percent to 6.37 percent.

The term bonds due December 1, 2027 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2026 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2026	\$640,000

Unless otherwise called for redemption, the remaining \$665,000 principal amount of the bonds due December 1, 2027 is to be paid at stated maturity.

The term bonds due December 1, 2029 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2028 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2028	\$690,000

Unless otherwise called for redemption, the remaining \$720,000 principal amount of the bonds due December 1, 2029 is to be paid at stated maturity.

The term bonds due December 1, 2031 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2030 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2030	\$745,000

Unless otherwise called for redemption, the remaining \$775,000 principal amount of the bonds due December 1, 2031 is to be paid at stated maturity.

The term bonds due December 1, 2033 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2032 at 100% of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2032	\$805,000

Unless otherwise called for redemption, the remaining \$840,000 principal amount of the Bonds due December 1, 2033 is to be paid at stated maturity.

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

<u>Fiscal Year Ended</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$470,000	\$856,952	\$1,326,952
2016	475,000	845,134	1,320,134
2017	485,000	831,024	1,316,024
2018	495,000	814,784	1,309,784
2019	505,000	796,021	1,301,021
2020-2024	2,735,000	3,633,526	6,368,526
2025-2029	3,215,000	2,867,638	6,082,638
2030-2034	3,885,000	1,810,697	5,695,697
2035 - 2038	3,725,000	487,209	4,212,209
Total	<u>\$15,990,000</u>	<u>\$12,942,985</u>	<u>\$28,932,985</u>

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2014, are a voted debt margin of \$101,513,321 and an un-voted debt margin of \$1,294,326.

11. EMPLOYEE BENEFITS

Compensated Absences

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

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

12. RISK MANAGEMENT

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

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2013.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. RISK MANAGEMENT (Continued)

Group Purchasing Pools

Better Business Bureau of Central Ohio Inc, and Sheakley

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

Schools of Ohio Risk Sharing Authority

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

Van Wert Area School Insurance Group (VWASIG)

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

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. PENSION PLANS

A. School Employees Retirement System

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$131,918, \$130,674 and \$127,677, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

B. State Teachers Retirement System of Ohio

Plan Description - The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

13. PENSION PLANS (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$403,051, \$410,161 and \$444,766, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$21,024 made by the Career Center and \$16,519 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The Career Center also pays into social security for certain qualifying students. The Career Center's liability is 6.2 percent of wages paid.

14. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B 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. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

14. POST-EMPLOYMENT BENEFITS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$13,001, \$15,300 and \$19,872, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$7,653, \$7,382 and \$7,540, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$31,004, \$31,551 and \$34,213, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

15. BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance	
	General fund
Budget basis	\$1,212,887
Net adjustment for revenue accruals	49,113
Net adjustment for expenditure accruals	31,178
Net adjustment for other sources/uses	(36,376)
Funds budgeted elsewhere *	(8,898)
Adjustment for encumbrances	7,237
GAAP basis	\$1,255,141

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

16. CONTINGENCIES

A. Grants

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

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

16. CONTINGENCIES (Continued)

B. Litigation

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

17. SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2013	
Current year set-aside requirement	\$84,408
Current year offsets	<u>(568,637)</u>
Total	<u><u>(\$484,229)</u></u>
Balance carried forward to fiscal year 2015	<u>\$0</u>
Set-aside balance June 30, 2014	<u><u>\$0</u></u>

18. OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	\$6,997
Permanent improvement	9,398
Other governmental	<u>8,402</u>
Total	<u><u>\$24,797</u></u>

19. SIGNIFICANT SUBSEQUENT EVENT

On July 9, 2014, the District issued \$15,989,992 in school improvement refunding general obligation bonds. The bond issuance consists of current interest bonds in the amount of \$15,290,000 and capital appreciation bonds in the amount of \$699,992. The current interest bonds bear interest at rates ranging from 1.00%-4.00% and are scheduled to mature on December 1, 2030.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vantage Career Center, Van Wert County, (the Career Center) as of and for the year ended June 30, 2014, 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 January 13, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

January 13, 2015

**VANTAGE CAREER CENTER
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Cash Management – Career and Technical Education Basic Grants to States – Noncompliance and Material Weakness	Yes	

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Dave Yost • Auditor of State

VANTAGE CAREER CENTER

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 3, 2015**