APOLLO CAREER CENTER
ALLEN COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Dave Yost • Auditor of State

APOLLO CAREER CENTER
ALLEN COUNTY

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ALLEN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Apollo Career Center, Allen County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2015, the Career Center adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 25, 2016

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Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The discussion and analysis of Apollo Career Center's financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Apollo Career Center's financial position.

The statement of net position and the statement of activities provide information about the activities of the Career Center as a whole, presenting both an aggregate and a longer-term view of the Career Center.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Career Center's most significant funds individually and the Career Center's non-major funds in a single column. The Career Center's major funds are the General Fund, the Bond Retirement debt service fund, the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds, and the Adult Education enterprise fund.

REPORTING THE CAREER CENTER AS A WHOLE

The statement of net position and the statement of activities reflect how the Career Center did financially during fiscal year 2015. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These 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 whether the financial position of the Career Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors can include changes in the Career Center's property tax base and the condition of the Career Center's capital assets. These factors must be considered when assessing the overall health of the Career Center.

In the statement of net position and the statement of activities, the Career Center is divided into two types of activities:

- Governmental Activities - Most of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

- Business-Type Activity - This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The Career Center's adult education program is reported here.

REPORTING THE SHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Career Center's major funds. The Career Center's major funds are the General Fund, the Bond Retirement debt service fund, the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds, and the Adult Education enterprise fund. While the Career Center uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The Career Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Career Center's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's operations.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Career Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Enterprise Fund - The Career Center's enterprise fund uses the accrual basis of accounting, the same as that used for the business-type activity on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

THE CAREER CENTER AS A WHOLE

Table 1 provides a summary of the Career Center's net position for fiscal year 2015 and fiscal year 2014:

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current and Other Assets	$44,404,207	$63,950,247	$784,215	$930,763	$45,188,422	$64,881,010
Capital Assets, Net	37,766,049	9,116,609	1,751,812	1,853,125	39,517,861	10,969,734
Total Assets	82,170,256	73,066,856	2,536,027	2,783,888	84,706,283	75,850,744

(continued)

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Deferred Outflows of Resources						
Pension	$991,857	$826,021	$268,363	$222,200	$1,260,220	$1,048,221
Liabilities						
Current and Other Liabilities	7,445,079	1,750,447	190,623	170,948	7,635,702	1,921,395
Long-Term Liabilities						
Pension	13,746,270	16,329,947	3,746,497	4,452,362	17,492,767	20,782,309
Other Amounts	31,422,753	31,486,386	249,048	365,233	31,671,801	31,848,619
Total Liabilities	52,614,102	49,566,780	4,186,168	4,988,543	56,800,270	54,555,323
Deferred Inflows of Resources						
Pension	2,480,649	0	678,464	0	3,159,113	0
Other Amounts	4,930,833	5,230,272	0	0	4,930,833	5,230,272
Total Deferred Inflows of Resources	7,411,482	5,230,272	678,464	0	8,089,946	5,230,272
Net Position						
Net Investment in Capital Assets	12,577,360	4,603,026	1,590,802	1,611,611	14,168,162	6,214,637
Restricted	18,905,425	24,118,955	0	0	18,905,425	24,118,955
Unrestricted (Deficit)	(8,346,256)	(9,626,156)	(3,651,044)	(3,594,066)	(11,997,300)	(13,220,222)
Total Net Position (Deficit)	$23,136,529	$19,095,825	($2,060,242)	($1,982,455)	$21,076,287	$17,113,370

During fiscal year 2015, the Career Center implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and State law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB Statement No. 68, the net pension liability equals the Career Center's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange", that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or in the case of compensated absences (i.e. vacation and sick leave) are satisfied through paid time off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability but are outside the control of the School District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the Career Center's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred outflows/inflows.

As a result of implementing GASB Statement No. 68, the Career Center is reporting a net pension liability and deferred outflows/inflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $34,599,751 to $19,095,825 for governmental activities and from $2,247,707 to ($1,982,455) for the business-type activity.

For governmental activities, the Career Center continued construction and renovation of the instructional facilities. Current and other assets decreased as bond proceeds were spent and the intergovernmental receivable for the balance of the Ohio Vocational Facilities Assistance grant for the construction decreased from the prior fiscal year. The increase in net capital assets was primarily due to construction. Current and other liabilities increased substantially due to contracts and retainage payable from the construction and renovation of the instructional facilities. Restricted net position decreased as bond proceeds were spent and the intergovernmental receivable related to the instructional facilities project decreased.

For the business-type activity, current and other assets decreased from costs associated with moving the adult education program to rented facilities. Current and other liabilities increased from the increase in salaries and matured compensated absences payable. Long-term liabilities decreased from the retirement of regularly scheduled debt principal. As a result, total net position reflects an overall decrease.

Table 2 reflects the change in net position for fiscal year 2015 and fiscal year 2014.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	$954,292	$1,107,676	$2,202,757	$2,379,416	$3,157,049	$3,487,092
Operating Grants and Contributions	3,196,361	2,656,918	439,936	360,632	3,636,297	3,017,550
Total Program Revenues	4,150,653	3,764,594	2,642,693	2,740,048	6,793,346	6,504,642
General Revenues						
Property Taxes	6,662,116	5,494,275	0	0	6,662,116	5,494,275
Grants and Entitlements not Restricted to Specific Programs	5,338,011	26,759,316	0	0	5,338,011	26,759,316
Interest	183,011	153,107	2,961	4,406	185,972	157,513
Miscellaneous	186,339	126,370	252,150	64,782	438,489	191,152
Total General Revenues	12,369,477	32,533,068	255,111	69,188	12,624,588	32,602,256
Total Revenues	16,520,130	36,297,662	2,897,804	2,809,236	19,417,934	39,106,898
Expenses						
Instruction:						
Regular	349,578	366,513	0	0	349,578	366,513
Special	152,697	250,572	0	0	152,697	250,572
Vocational	5,630,350	5,853,282	0	0	5,630,350	5,853,282
Adult/Continuing	255,249	160,532	0	0	255,249	160,532
Support Services:						
Pupils	575,530	574,207	0	0	575,530	574,207
Instructional Staff	979,630	714,783	0	0	979,630	714,783
Board of Education	60,239	60,644	0	0	60,239	60,644
Administration	684,234	860,801	0	0	684,234	860,801
Fiscal	519,465	503,295	0	0	519,465	503,295
Operation of Maintenance of Plant	843,901	1,156,726	0	0	843,901	1,156,726
Pupil Transportation	13,407	5,617	0	0	13,407	5,617
Central	602,909	588,805	0	0	602,909	588,805
Non-Instructional Services	305,302	293,817	0	0	305,302	293,817
Extracurricular Activities	28,780	38,764	0	0	28,780	38,764
Interest and Fiscal Charges	1,478,155	1,564,420	0	0	1,478,155	1,564,420
Adult Education	0	0	2,975,591	3,019,019	2,975,591	3,019,019
Total Expenses	12,479,426	12,992,778	2,975,591	3,019,019	15,455,017	16,011,797
Increase (Decrease) in Net Position	4,040,704	23,304,884	(77,787)	(209,783)	3,962,917	23,095,101
Net Position (Deficit) at Beginning of Year	19,095,825	n/a	(1,982,455)	n/a	17,113,370	n/a
Net Position (Deficit) at End of Year	$23,136,529	$19,095,825	($2,060,242)	($1,982,455)	$21,076,287	$17,113,370

The information necessary to restate the fiscal year 2014 beginning balance and the fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB Statement No. 68 is not available. Therefore, fiscal year 2014 functional expenses still include pension expense of $1,048,221 computed under GASB Statement No. 27. GASB Statement No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB Statement No. 68, pension expense represents additional amounts earned adjusted by deferred outflows/inflows. The contractually required contribution is no longer a component of pension expense. Under GASB Statement No. 68, the fiscal year 2015 statements report pension expense of $753,178. Consequently, in order to compare fiscal year 2015 total program expenses to fiscal year 2014, the following adjustments are needed.

	Governmental Activities	Business-Type Activities	Total
Total 2015 Program Expenses under GASB Statement No. 68	$12,479,426	$2,975,591	$15,455,017
Pension Expense under GASB Statement No. 68	(593,726)	(159,452)	(753,178)
2015 Contractually Required Contribution	862,590	233,016	1,095,606
Adjusted 2015 Program Expenses	12,748,290	3,049,155	15,797,445
Total 2014 Program Expenses under GASB Statement No. 27	(12,992,778)	(3,019,019)	(16,011,797)
Increase (Decrease) in Program Expenses not Related to Pension	($244,488)	$30,136	($214,352)

For governmental activities, program revenues represented 25 percent of total revenues for fiscal year 2015 and are primarily represented by tuition, sales of goods or services developed by the various career training classes, charges for providing lunches to students, and grants for specified purposes. Charges for services decreased due to two student-constructed homes that were sold in the prior fiscal year.

General revenues decreased significantly. This is primarily due to recognizing the total amount of revenue generated by the Ohio Vocational Facilities Assistance grant in the prior fiscal year. Additionally, property tax revenues increased due to having a full year collection of the 1 mill property tax levy passed in May 2013. Interest revenues increased higher cash balances from bond proceeds that have been invested.

Overall, there was not a significant change in expenses for governmental activities from the prior fiscal year (less than 2 percent decrease). The major program expenses are for instruction, which account for 51 percent of all governmental expenses.

For the business-type activity, the overall change in revenues was not significant and expenses increased less than 1 percent.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
Instruction:				
Regular	$349,578	$366,513	$349,578	$366,513
Special	152,697	250,572	(468,636)	(416,747)
Vocational	5,630,350	5,853,282	2,692,929	3,287,905
Adult/Continuing	255,249	160,532	(56,286)	(91,040)
Support Services:				
Pupils	575,530	574,207	575,530	574,207
Instructional Staff	979,630	714,783	977,830	714,783
Board of Education	60,239	60,644	60,239	60,644
Administration	684,234	860,801	684,234	860,801
Fiscal	519,465	503,295	519,465	503,295
Operation and Maintenance of Plant	843,901	1,156,726	843,901	1,156,726
Pupil Transportation	13,407	5,617	13,407	5,617
Central	602,909	588,805	602,909	588,805
Noninstructional Services	305,302	293,817	26,738	13,491
Extracurricular Activities	28,780	38,764	28,780	38,764
Interest and Fiscal Charges	1,478,155	1,564,420	1,478,155	1,564,420
Total Expenses	$12,479,426	$12,992,778	$8,328,773	$9,228,184

Cost of services for governmental activities were financed through user charges and grants awarded for specific programs, in the amount of $4,150,653, or 33 percent, for fiscal year 2015.

The most significant program revenues from restricted grants are associated with the special, vocational, and the adult/continuing instruction programs, along with noninstructional services. Program revenues for special, vocational, and adult/continuing instruction programs are principally received from tuition received through open enrollment and operating grants, contributions, and interest to support operations. The noninstructional services program costs were almost fully funded through user charges from cafeteria sales and state and federal subsidies.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds. The excess of revenues over expenditures led to a 13 percent increase in fund balance in the General Fund. Revenues increased 3 percent, principally from property tax revenues increasing, and expenditures increased less than 1 percent.

The Bond Retirement debt service fund reflected an increase in fund balance from the revenues received the one mill property tax levy that was passed by the voters in May 2013 that was in excess of the debt service requirements.

The Locally Funded Initiatives capital projects fund had a decrease in fund balance as bond proceeds continued to be spent for constructions during fiscal year 2015.

The Ohio Vocational Facilities Assistance capital projects fund had a decrease in fund balance as bond proceeds for the construction and renovation of instructional facilities were spent during the fiscal year.

BUSINESS-TYPE ACTIVITY FINANCIAL ANALYSIS

The Career Center's enterprise fund is the Adult Education fund. There was a modest decrease in net position as the fund continued to operate at a loss.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During fiscal year 2015, the Career Center amended its General Fund budget as needed. For revenues, there was no change from the original budget to the final budget and changes from the final budget to actual revenues were not significant. For expenditures, changes from the original budget to the final budget were not significant. Actual expenditures were 6 percent less than budget amounts due primarily to savings in the instruction programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Career Center's investment in capital assets for governmental and business-type activities as of June 30, 2015, was $37,766,049 and $1,751,812, respectively (net of accumulated depreciation). Capital assets for governmental activities increased significantly from construction in progress of new and renovated instructional buildings. There were no additions for the business-type activity. Disposals were minimal for both governmental activities and the business-type activity. For further information regarding the Career Center's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2015, the Career Center's overall long-term obligations consisted of general obligation bonds and long-term loans, in the amount of $30,645,559 and $267,676, respectively. Of this amount, $161,010 will be repaid from the business-type activity. The Career Center's long-term obligations also include the net pension liability and compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 16 to the basic financial statements.

CURRENT ISSUES

The Career Center passed a 1 mill levy in May 2013. The levy was split .31 mills for a bond issue for enlarging, improving, and rebuilding the Career Center in conjunction with the Ohio Vocational Facilities Commission, another .5 mills for enlarging, improving, and rebuilding the Career Center as a locally funded initiative, and .19 mills permanent improvement levy for ten years for the maintenance fund requirement for the OSFC project. The Career Center hired Garmann Miller as the architect for the project and Peck, Shaffer & Williams LLP as the construction counsel. The Career Center issued $30 million in general obligation bonds in September 2013, which provided $11,638,923 to pay the local share of school construction under the Ohio Vocational Facilities Assistance Program and an additional $18,361,077 for additional improvements which are not part of the program. Shook Touchstone was hired as the general manager under the Construction Manager at Risk model and Quandel Construction Group, Inc. was hired as the owner's agent. Actual construction began in earnest in May 2014. There are six phases to the project. The project is due to be completed in August 2016. The total project cost is estimated at $52,813,316. The construction includes the renovation of the existing structures for the high school and adult education, along with an additional 81,000 square feet of instructional space.

The Board of Education settled negotiations with the Apollo Education Association in June 2014 with a two year contract. The contract provides for a 1.5 percent increase the first year and a 1 percent increase the second year. The employees agreed to pay 13.5 percent of the cost of the health and dental premiums beginning January 1, 2015, and 15 percent of the premiums beginning January 1, 2016.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Greg Bukowski, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

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Apollo Career Center
Statement of Net Position
June 30, 2015

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$31,145,325	$634,339	$31,779,664
Cash and Cash Equivalents with Escrow Agents	748,460	0	748,460
Accounts Receivable	218,344	97,595	315,939
Accrued Interest Receivable	10,109	0	10,109
Intergovernmental Receivable	5,802,154	33,647	5,835,801
Prepaid Items	104,703	18,634	123,337
Property Taxes Receivable	6,375,112	0	6,375,112
Nondepreciable Capital Assets	33,095,600	20,914	33,116,514
Depreciable Capital Assets, Net	4,670,449	1,730,898	6,401,347
Total Assets	82,170,256	2,536,027	84,706,283
Deferred Outflows of Resources			
Pension	991,857	268,363	1,260,220
Liabilities			
Accrued Wages and Benefits Payable	669,270	114,136	783,406
Accounts Payable	69,139	14,994	84,133
Contracts Payable	5,613,335	0	5,613,335
Intergovernmental Payable	121,519	61,493	183,012
Retainage Payable	843,315	0	843,315
Matured Compensated Absences Payable	4,672	0	4,672
Accrued Interest Payable	123,829	0	123,829
Long-Term Liabilities			
Due Within One Year	214,417	91,489	305,906
Due in More Than One Year			
Net Pension Liability	13,746,270	3,746,497	17,492,767
Other Amounts Due in More Than One Year	31,208,336	157,559	31,365,895
Total Liabilities	52,614,102	4,186,168	56,800,270
Deferred Inflows of Resources			
Property Taxes	4,930,833	0	4,930,833
Pension	2,480,649	678,464	3,159,113
Total Deferred Inflows of Resources	7,411,482	678,464	8,089,946
Net Position			
Net Investment in Capital Assets	12,577,360	1,590,802	14,168,162
Restricted for:			
Debt Service	677,778	0	677,778
Capital Projects	17,541,358	0	17,541,358
School Facility Maintenance	655,984	0	655,984
Other Purposes	30,305	0	30,305
Unrestricted (Deficit)	(8,346,256)	(3,651,044)	(11,997,300)
Total Net Position (Deficit)	$23,136,529	($2,060,242)	$21,076,287

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues	
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
Instruction:			
Regular	$349,578	$0	$0
Special	152,697	0	621,333
Vocational	5,630,350	813,851	2,123,570
Adult/Continuing	255,249	0	311,535
Support Services:			
Pupils	575,530	0	0
Instructional Staff	979,630	0	1,800
Board of Education	60,239	0	0
Administration	684,234	0	0
Fiscal	519,465	0	0
Operation and Maintenance of Plant	843,901	0	0
Pupil Transportation	13,407	0	0
Central	602,909	0	0
Noninstructional Services	305,302	140,441	138,123
Extracurricular Activities	28,780	0	0
Interest and Fiscal Charges	1,478,155	0	0
Total Governmental Activities	12,479,426	954,292	3,196,361
Business-Type Activity			
Adult Education	2,975,591	2,202,757	439,936
Total	$15,455,017	$3,157,049	$3,636,297

General Revenues
Property Taxes Levied for:
General Purposes
School Facility Maintenance
Debt Service
Permanent Improvement
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous

Total General Revenues

Change in Net Position

Net Position (Deficit) at Beginning of Year (Restated - Note 3)

Net Position (Deficit) at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activity	Total
($349,578)	$0	($349,578)
468,636	0	468,636
(2,692,929)	0	(2,692,929)
56,286	0	56,286
(575,530)	0	(575,530)
(977,830)	0	(977,830)
(60,239)	0	(60,239)
(684,234)	0	(684,234)
(519,465)	0	(519,465)
(843,901)	0	(843,901)
(13,407)	0	(13,407)
(602,909)	0	(602,909)
(26,738)	0	(26,738)
(28,780)	0	(28,780)
(1,478,155)	0	(1,478,155)
(8,328,773)	0	(8,328,773)
0	(332,898)	(332,898)
(8,328,773)	(332,898)	(8,661,671)
3,538,517	0	3,538,517
378,552	0	378,552
2,033,496	0	2,033,496
711,551	0	711,551
5,338,011	0	5,338,011
183,011	2,961	185,972
186,339	252,150	438,489
12,369,477	255,111	12,624,588
4,040,704	(77,787)	3,962,917
19,095,825	(1,982,455)	17,113,370
$23,136,529	($2,060,242)	$21,076,287

Apollo Career Center
Balance Sheet
Governmental Funds
June 30, 2015

	General	Bond Retirement	Locally Funded Initiatives	Ohio Vocational Facilities Assistance
Assets				
Equity in Pooled Cash and Cash Equivalents	$6,795,058	$1,032,243	$9,419,392	$10,981,509
Accounts Receivable	5,536	0	0	0
Accrued Interest Receivable	10,109	0	0	0
Interfund Receivable	195,131	0	0	0
Intergovernmental Receivable	0	0	0	5,734,689
Prepaid Items	69,551	0	12,241	22,348
Restricted Assets:				
Cash and Cash Equivalents with Escrow Agents	0	0	264,880	483,580
Property Taxes Receivable	3,330,537	1,925,412	0	0
Total Assets	$10,405,922	$2,957,655	$9,696,513	$17,222,126
Liabilities				
Accrued Wages and Benefits Payable	$655,237	$0	$0	$0
Accounts Payable	19,883	0	0	0
Contracts Payable	0	0	1,983,523	3,629,812
Interfund Payable	0	0	0	0
Intergovernmental Payable	114,657	0	0	0
Retainage Payable	0	0	33,569	61,286
Payable from Restricted Assets:				
Retainage Payable	0	0	264,880	483,580
Matured Compensated Absences Payable	0	0	0	0
Total Liabilities	789,777	0	2,281,972	4,174,678
Deferred Inflows of Resources				
Property Taxes	2,553,953	1,491,201	0	0
Unavailable Revenues	95,571	47,384	0	5,734,689
Total Deferred Inflows of Resources	2,649,524	1,538,585	0	5,734,689
Fund Balances				
Nonspendable	69,551	0	12,241	22,348
Restricted	0	1,419,070	7,402,300	7,290,411
Committed	0	0	0	0
Assigned	6,647,052	0	0	0
Unassigned (Deficit)	250,018	0	0	0
Total Fund Balances	6,966,621	1,419,070	7,414,541	7,312,759
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$10,405,922	$2,957,655	$9,696,513	$17,222,126

See accompanying notes to the basic financial statements

Other Governmental	Total
$2,917,123	$31,145,325
212,808	218,344
0	10,109
0	195,131
67,465	5,802,154
563	104,703
0	748,460
1,119,163	6,375,112
$4,317,122	$44,599,338
$14,033	$669,270
49,256	69,139
0	5,613,335
195,131	195,131
6,862	121,519
0	94,855
0	748,460
4,672	4,672
269,954	7,516,381
885,679	4,930,833
29,143	5,906,787
914,822	10,837,620
563	104,703
2,612,580	18,724,361
64,002	64,002
455,603	7,102,655
(402)	249,616
3,132,346	26,245,337
$4,317,122	$44,599,338

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Apollo Career Center
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances		$26,245,337
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		37,766,049
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	5,237	
Accrued Interest Receivable	6,103	
Intergovernmental Receivable	5,734,689	
Delinquent Property Taxes Receivable	160,758	
		5,906,787
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest Payable	(123,829)	
General Obligation Bonds Payable	(30,645,559)	
Loans Payable	(106,666)	
Compensated Absences Payable	(670,528)	
		(31,546,582)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.		
Deferred Outflows - Pension	991,857	
Deferred Inflows - Pension	(2,480,649)	
Net Pension Liability	(13,746,270)	
		(15,235,062)
Net Position of Governmental Activities		$23,136,529

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Bond Retirement	Locally Funded Initiatives	Ohio Vocational Facilities Assistance
Revenues				
Property Taxes	$3,552,019	$2,045,976	$0	$0
Intergovernmental	6,111,999	258,512	0	10,963,705
Interest	57,849	4,151	60,920	53,005
Tuition and Fees	719,244	0	0	0
Extracurricular Activities	3,800	0	0	0
Charges for Services	91,175	0	0	0
Miscellaneous	186,768	0	0	0
Total Revenues	10,722,854	2,308,639	60,920	11,016,710
Expenditures				
Current:				
Instruction:				
Regular	337,573	0	0	0
Special	43,232	0	0	0
Vocational	5,244,563	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	535,029	0	0	0
Instructional Staff	762,725	0	0	0
Board of Education	59,680	0	0	0
Administration	668,392	0	0	0
Fiscal	450,559	39,189	0	0
Operation and Maintenance of Plant	1,188,891	0	0	0
Pupil Transportation	15,532	0	0	0
Central	579,160	0	0	0
Noninstructional Services	411	0	0	0
Extracurricular Activities	28,780	0	0	0
Capital Outlay	0	0	10,048,974	18,360,155
Debt Service:				
Principal Retirement	0	45,000	0	0
Interest and Fiscal Charges	0	1,486,393	0	0
Total Expenditures	9,914,527	1,570,582	10,048,974	18,360,155
Changes in Fund Balances	808,327	738,057	(9,988,054)	(7,343,445)
Fund Balances at Beginning of Year	6,158,294	681,013	17,402,595	14,656,204
Fund Balances at End of Year	$6,966,621	$1,419,070	$7,414,541	$7,312,759

See accompanying notes to the basic financial statements

Other Governmental	Total
$1,095,958	$6,693,953
1,002,468	18,336,684
1,872	177,797
0	719,244
0	3,800
140,466	231,641
434,415	621,183
2,675,179	26,784,302
0	337,573
115,637	158,869
421,396	5,665,959
191,094	191,094
56,412	591,441
214,190	976,915
0	59,680
44,679	713,071
20,813	510,561
50,512	1,239,403
3,500	19,032
1,135	580,295
295,546	295,957
0	28,780
98,953	28,508,082
53,333	98,333
0	1,486,393
1,567,200	41,461,438
1,107,979	(14,677,136)
2,024,367	40,922,473
$3,132,346	$26,245,337

Apollo Career Center
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2015

Changes in Fund Balances - Total Governmental Funds		($14,677,136)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.		
Capital Outlay - Nondepreciable Assets	28,421,722	
Capital Outlay - Depreciable Assets	587,518	
Depreciation	(340,836)	
		28,668,404
The book value of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities.		(18,964)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes	(31,837)	
Intergovernmental	(10,237,037)	
Interest	5,423	
Tuition and Fees	(368)	
Charges for Services	(25)	
Miscellaneous	(328)	
		(10,264,172)
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
General Obligation Bonds Payable	45,000	
Loans Payable	53,333	
		98,333
Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.		
Accrued Interest Payable	75	
Annual Accretion	(16,087)	
Amortization of General Obligation Bond Premium	24,250	
		8,238
Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(42,863)
Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities.		(593,726)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		862,590
Change in Net Position of Governmental Activities		$4,040,704

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$3,069,883	$3,069,883	$3,236,375	$166,492
Intergovernmental	6,930,728	6,260,728	6,111,999	(148,729)
Interest	44,400	44,400	44,713	313
Tuition and Fees	55,000	725,000	718,518	(6,482)
Extracurricular Activities	3,800	3,800	3,800	0
Charges for Services	104,147	104,147	91,175	(12,972)
Miscellaneous	92,921	92,921	186,733	93,812
Total Revenues	10,300,879	10,300,879	10,393,313	92,434
Expenditures				
Current:				
Instruction:				
Regular	375,500	375,500	334,564	40,936
Special	265,000	265,000	57,610	207,390
Vocational	5,821,058	5,829,058	5,417,337	411,721
Support Services:				
Pupils	583,000	583,000	542,575	40,425
Instructional Staff	638,200	638,200	779,382	(141,182)
Board of Education	72,100	72,100	65,016	7,084
Administration	893,000	893,000	731,797	161,203
Fiscal	483,000	483,000	456,777	26,223
Operation and Maintenance of Plant	1,228,000	1,228,000	1,282,292	(54,292)
Pupil Transportation	6,000	6,000	18,173	(12,173)
Central	551,000	551,000	585,211	(34,211)
Extracurricular Activities	40,000	40,000	33,698	6,302
Health Trust				
Noninstructional Services	2,000	2,000	411	1,589
Total Expenditures	10,957,858	10,965,858	10,304,843	661,015
Excess of Revenues Over (Under) Expenditures	(656,979)	(664,979)	88,470	753,449
Other Financing Sources (Uses)				
Other Financing Uses	(5,795,175)	(5,795,175)	0	5,795,175
Advances In	227,200	227,200	136,000	(91,200)
Advances Out	(160,000)	(160,000)	(116,000)	44,000
Total Other Financing Sources (Uses)	(5,727,975)	(5,727,975)	20,000	5,747,975
Changes in Fund Balance	(6,384,954)	(6,392,954)	108,470	6,501,424
Fund Balance at Beginning of Year	6,051,018	6,051,018	6,051,018	0
Prior Year Encumbrances Appropriated	410,303	410,303	410,303	0
Fund Balance at End of Year	$76,367	$68,367	$6,569,791	$6,501,424

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Fund Net Position
Enterprise Fund
June 30, 2015

	Adult Education
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$634,339
Accounts Receivable	97,595
Intergovernmental Receivable	33,647
Prepaid Items	18,634
Total Current Assets	784,215
Noncurrent Assets	
Nondepreciable Capital Assets	20,914
Depreciable Capital Assets, Net	1,730,898
Total Noncurrent Assets	1,751,812
Total Assets	2,536,027
Deferred Outflows of Resources	
Pension	268,363
Liabilities	
Current Liabilities	
Accrued Wages and Benefits Payable	114,136
Accounts Payable	14,994
Intergovernmental Payable	61,493
Loans Payable	80,504
Compensated Absences Payable	10,985
Total Current Liabilities	282,112
Noncurrent Liabilities	
Loans Payable	80,506
Compensated Absences Payable	77,053
Net Pension Liability	3,746,497
Total Long-Term Liabilities	3,904,056
Total Liabilities	4,186,168
Deferred Inflows of Resources	
Pension	678,464
Net Position	
Net Investment in Capital Assets	1,590,802
Unrestricted (Deficit)	(3,651,044)
Total Net Position (Deficit)	($2,060,242)

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Revenues, Expenses, and Change in Fund Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Adult Education
Operating Revenues	
Charges for Services	$2,202,757
Miscellaneous	252,150
Total Operating Revenues	2,454,907
Operating Expenses	
Personal Services	1,606,656
Fringe Benefits	312,600
Materials and Supplies	335,759
Contractual Services	450,116
Depreciation	101,313
Other	169,147
Total Operating Expenses	2,975,591
Operating Loss	(520,684)
Non-Operating Revenues	
Interest Revenue	2,961
Grants	439,936
Total Non-Operating Revenues	442,897
Change in Net Position	(77,787)
Net Position (Deficit) at Beginning of Year (Restated - Note 3)	(1,982,455)
Net Position (Deficit) at End of Year	($2,060,242)

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2015

	Adult Education
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$2,180,489
Cash Received from Miscellaneous Revenues	248,572
Cash Payments for Personal Services	(1,658,371)
Cash Payments for Fringe Benefits	(388,939)
Cash Payments for Materials and Supplies	(344,529)
Cash Payments for Contractual Services	(450,020)
Cash Payments for Other Expenses	(128,895)
Net Cash Used for Operating Activities	(541,693)
Cash Flows from Noncapital Financing Activities	
Cash Received from Grants	439,936
Cash Flows from Capital and Related Financing Activities	
Cash Payments for Loan Principal	(80,504)
Cash Flows from Investing Activities	
Interest Revenue	2,961
Net Decrease in Cash and Cash Equivalents	(179,300)
Cash and Cash Equivalents at Beginning of Year	813,639
Cash and Cash Equivalents at End of Year	$634,339
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($520,684)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	101,313
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(14,733)
Increase in Intergovernmental Receivable	(11,113)
Increase in Prepaid Items	(6,906)
Decrease in Accrued Wages and Benefits Payable	(16,034)
Decrease in Accounts Payable	(436)
Increase in Intergovernmental Payable	36,145
Decrease in Compensated Absences Payable	(35,681)
Increase in Net Pension Liability	98,017
Increase in Deferred Outflows - Pension	(1,965)
Decrease in Deferred Inflows - Pension	(169,616)
Net Cash Used for Operating Activities	($541,693)

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$293,673	$28,824
Liabilities		
Due to Students	0	$28,580
Undistributed Assets	0	244
Total Liabilities	0	$28,824
Net Position		
Held in Trust for Scholarships	$293,673	

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

Additions	
Interest	$2,887
Gifts and Contributions	10,561
Miscellaneous	19,972
Total Additions	33,420
Deductions	
Noninstructional Services	60,918
Change in Net Position	(27,498)
Net Position at Beginning of Year	321,171
Net Position at End of Year	$293,673

See accompanying notes to the basic financial statements

Note 1 - Description of the Career Center and Reporting Entity

Apollo Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating School District's elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by thirty-nine classified employees, sixty-nine certified teaching personnel, and thirteen administrators who provide services to one thousand six hundred twenty students and other community members. The Career Center currently operates seven instructional buildings.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For Apollo 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; 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 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, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Career Center. There are no component units of the Apollo Career Center.

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net position presents the financial condition of the governmental and business-type activities of the Career Center at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants, contributions, and interest that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

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

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Career Center are divided into three categories, governmental, proprietary, and fiduciary.

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Career Center are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds.

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Career Center 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 property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

Locally Funded Initiatives Fund - The Locally Funded Initiatives Fund is used to account for the proceeds of general obligation bonds restricted for the construction and renovation of instructional buildings.

Ohio Vocational Facilities Assistance Fund - The Ohio Vocational Facilities Assistance Fund is used to account for grants received from the Ohio School Facilities Commission and the proceeds of general obligation bonds restricted for the construction and renovation of instructional buildings.

The other governmental funds of the Career Center account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Career Center's only enterprise fund:

Adult Education Fund - The Adult Education enterprise fund is used to account for tuition charges and grants restricted for adult education.

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and change 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 not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds account for unallocated Pell grants and various noninstructional staff-related and student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide financial statements, the enterprise fund is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses, and change in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Career Center finances and meets the cash flow needs of its enterprise activity.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Note 2 - Summary of Significant Accounting Policies (continued)

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; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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 the 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 both measurable and available at fiscal year end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and explained in Note 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Career Center, deferred inflows of resources consists of property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes accrued interest, intergovernmental receivables including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. Deferred inflows or resources related to pension are reported on the government-wide statement of net position and explained in Note 13 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget (five-year forecast), the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

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

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Cash and cash equivalents that are held separately for the Career Center by escrow agents for payment of retainage to contractors upon project completion are recorded as “Cash and Cash Equivalents with Escrow Agents”.

During fiscal year 2015, the Career Center’s investments included negotiable certificates of deposit, repurchase agreements, federal agency securities, mutual funds, and STAR Ohio. The Career Center’s investments are reported at fair value, except for repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s net asset value per share, which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 was $57,849, which included $14,078 assigned from other Career Center funds.

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

G. Prepaid Items

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions.

Note 2 - Summary of Significant Accounting Policies (continued)

Resources set aside in separate escrow accounts, whose use is limited to the payment of retainage to contractors, are reported as restricted.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the enterprise fund. They generally result from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise fund are reported in both the business-type activity column on the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Career Center maintains a capitalization threshold of two thousand dollars. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	20 years	20 years
Buildings and Building Improvements	20 - 50 years	20 - 50 years
Furniture, Fixtures, and Equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	8 years

J. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as "Internal Balances".

Note 2 - Summary of Significant Accounting Policies (continued)

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise fund are reported on the enterprise fund 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, net pension liability and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current fiscal year. General obligation bonds and long-term loans are recognized as liabilities on the fund financial statements when due.

M. Unamortized Premiums

On government-wide financial statements, premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

Note 2 - Summary of Significant Accounting Policies (continued)

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations and federal and state grants. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. 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 governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2016 budget.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Note 2 - Summary of Significant Accounting Policies (continued)

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Career Center, these revenues are charges for services for adult education. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Q. Pension

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

R. Estimates

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

Note 3 - Change in Accounting Principles and Restatement of Net Position

For fiscal year 2015, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". GASB Statement No. 68 established standards for measuring and recognizing pension liabilities, deferred outflows and deferred inflows of resources, and pension expenses/expenditures. The implementation of this statement had the following effect on net position as previously reported on June 30, 2014.

	Governmental Activities	Business-Type Activity/Enterprise Fund
Net Position June 30, 2014	$34,599,751	$2,247,707
Net Pension Liability	(16,329,947)	(4,452,362)
Deferred Outflows - Payment Subsequent to Measurement Date	826,021	222,200
Restated Net Position (Deficit) June 30, 2014	$19,095,825	($1,982,455)

Note 3 - Change in Accounting Principles and Restatement of Net Position (continued)

Other than employer contributions subsequent to the measurement date, the Career Center made no restatement for deferred outflows or deferred inflows of resources as the information needed to generate these restatements was not available.

Note 4 - Accountability

At June 30, 2015, the Vocational Education special revenue fund had a deficit fund balance, in the amount of $402, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the Career Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements are as follows:

Changes in Fund Balance

	General
GAAP Basis	$808,327
Increase (Decrease) Due To	
Revenue Accruals:	
Accrued FY 2014, Received in Cash FY 2015	376,247
Accrued FY 2015, Not Yet Received in Cash	(696,658)

(continued)

Note 5 - Budgetary Basis of Accounting (continued)

Changes in Fund Balance
(continued)

	General
Expenditure Accruals:	
Accrued FY 2014, Paid in Cash FY 2015	($905,475)
Accrued FY 2015, Not Yet Paid in Cash	789,777
Unrecorded Cash Activity FY 2015	(789)
Change in Fair Value	(8,341)
Prepaid Items	(12,166)
Advances In	136,000
Advances Out	(116,000)
Encumbrances Outstanding at Year End (Budget Basis)	(262,452)
Budget Basis	$108,470

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits 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 held by the Career Center may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Note 6 - Deposits and Investments (continued)

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

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio); and

8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, $438,511 of the Career Center's bank balance of $26,944,877 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State 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.

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Note 6 - Deposits and Investments (continued)

Investments

As of June 30, 2015, the Career Center had the following investments.

	Total	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Negotiable Certificates of Deposit	$4,221,188	$250,143	$250,402	$3,720,643	$0
Repurchase Agreement	942,512	942,512	0	0	0
Federal Home Loan Bank Notes	50,160	0	0	50,160	0
Federal Home Loan Mortgage Corporation Notes	335,468	0	85,116	0	250,352
Federal National Mortgage Association Notes	439,631	0	125,174	0	314,457
Mutual Funds	59,675	59,675	0	0	0
STAR Ohio	374	374	0	0	0
Total	$6,049,008	$1,252,704	$460,692	$3,770,803	$564,809

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The negotiable certificates of deposit are generally covered by FDIC and/or SIPC insurance. The securities underlying the repurchase agreements (Federal National Mortgage Association Notes), the Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes carry a rating of Aaa by Moodys. The mutual funds carry a rating of Aaa by Moodys. The Washington Mutual Investment Fund is not rated and does not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. STAR Ohio carries a rating of AAA by Standard and Poor’s. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 6 - Deposits and Investments (continued)

For an investment, custodial credit risk is the risk that, in the event of 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 repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Career Center's name. The Career Center has no investment policy dealing with custodial credit risk beyond the requirements of State statute.

The Career Center places no limit on the amount it may invest in any one issuer or investment type. The following table indicates the percentage of each investment to the total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	$4,221,188	69.78%
Repurchase Agreements	942,512	15.58
Federal Home Loan Bank	50,160	.83
Federal Home Loan Mortgage Corporation	335,468	5.55
Federal National Mortgage Association	439,631	7.27

Note 7 - Receivables

Receivables at June 30, 2015, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, and property taxes. 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. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Special Revenue Fund	
Adult Basic Literacy Education Grant	$67,465
Capital Projects Fund	
Ohio Vocational Facilities Assistance Grant	5,734,689
Total Governmental Activities	$5,802,154
Business-Type Activity	
Adult Education	
Tuition	$33,647

Note 8 - Property Taxes

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

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

Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2015, and for which there was 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 reflected 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 of resources - property taxes.

The amount available as an advance at June 30, 2015, was $691,891 in the General Fund, $72,416 in the OSFC Maintenance special revenue fund, $386,827 in the Bond Retirement debt service fund, and $132,387 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2014, was $376,247 in the General Fund, $41,299 in the OSFC Maintenance special revenue fund, $228,438 in the Bond Retirement debt service fund, and $76,616 in the Permanent Improvement capital projects fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

Note 8 - Property Taxes (continued)

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

	2014 Second-Half Collections		2015 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	$1,563,702,490	75.38%	$1,701,777,251	76.89%
Commercial/Industrial	397,334,700	19.15	395,606,910	17.87
Public Utility	113,337,050	5.47	115,881,760	5.24
Total Assessed Value	$2,074,374,240	100.00%	$2,213,265,921	100.00%
Tax rate per $1,000 of assessed valuation	$3.44		$3.34	

Note 9 - Capital Assets

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

	Balance at 6/30/14	Additions	Reductions	Balance at 6/30/15
Governmental Activities				
Nondepreciable Capital Assets				
Land	$320,294	$0	$0	$320,294
Construction in Progress	4,353,584	28,421,722	0	32,775,306
Total Nondepreciable Capital Assets	4,673,878	28,421,722	0	33,095,600
Depreciable Capital Assets				
Land Improvements	279,207	0	0	279,207
Buildings and Building Improvements	8,394,890	0	0	8,394,890
Furniture, Fixtures, and Equipment	2,543,082	581,518	0	3,124,600
Vehicles	467,783	6,000	(38,144)	435,639
Total Depreciable Capital Assets	11,684,962	587,518	(38,144)	12,234,336
Less Accumulated Depreciation				
Land Improvements	(215,447)	(5,373)	0	(220,820)
Buildings and Building Improvements	(5,036,501)	(181,444)	0	(5,217,945)
Furniture, Fixtures, and Equipment	(1,665,213)	(137,541)	0	(1,802,754)
Vehicles	(325,070)	(16,478)	19,180	(322,368)
Total Accumulated Depreciation	(7,242,231)	(340,836)	19,180	(7,563,887)
Depreciable Capital Assets, Net	4,442,731	246,682	(18,964)	4,670,449
Governmental Activities Capital Assets, Net	$9,116,609	$28,668,404	($18,964)	$37,766,049

Note 9 - Capital Assets (continued)

	Balance at 6/30/14	Additions	Reductions	Balance at 6/30/15
Business-Type Activity				
Nondepreciable Capital Assets				
Land	$20,914	$0	$0	$20,914
Depreciable Capital Assets				
Land Improvements	416,808	0	0	416,808
Buildings and Building Improvements	2,361,448	0	0	2,361,448
Furniture, Fixtures, and Equipment	169,117	0	0	169,117
Vehicles	246,813	0	(5,000)	241,813
Total Depreciable Capital Assets	3,194,186	0	(5,000)	3,189,186
Less Accumulated Depreciation				
Land Improvements	(164,405)	(20,840)	0	(185,245)
Buildings and Building Improvements	(913,187)	(51,604)	0	(964,791)
Furniture, Fixtures, and Equipment	(84,876)	(13,438)	0	(98,314)
Vehicles	(199,507)	(15,431)	5,000	(209,938)
Total Accumulated Depreciation	(1,361,975)	(101,313)	5,000	(1,458,288)
Depreciable Capital Assets, Net	1,832,211	(101,313)	0	1,730,898
Business-Type Activity Capital Assets, Net	$1,853,125	($101,313)	$0	$1,751,812

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$5,218
Vocational	209,398
Adult/Continuing	45,191
Support Services:	
Pupils	253
Instructional Staff	722
Board of Education	559
Administration	5,863
Fiscal	380
Operation and Maintenance of Plant	28,001
Pupil Transportation	375
Central	27,657
Noninstructional Services	17,219
Total Depreciation Expense	$340,836

Note 10 - Interfund Receivables/Payables

At June 30, 2015, the General Fund had an interfund receivable, in the amount of $195,131, from providing cash flow resources to other governmental funds. This amount is expected to be repaid in one year.

Note 11 - Construction and Other Significant Commitments

The Career Center has outstanding contracts for professional services and construction. The following amounts remain on these contracts as of June 30, 2015:

	Outstanding Balance
Brewer-Garrett Co.	$107,590
Garmann/Miller & Associates	439,749
Shook Touchstone VII LLC	23,640,205
Quandel Construction Group	158,346

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in 2016 are as follows:

General Fund	$262,452
Locally Funded Initiatives Fund	8,636,910
Ohio Vocational Facilities Assistance Fund	15,736,840
Other Governmental Funds	314,236
Total	$24,950,438

Note 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. During fiscal year 2015, the Career Center contracted for the following insurance coverage.

SORSA	
Building and Contents - Replacement Cost	$35,039,717
Automobile Liability	15,000,000
Excess Liability	10,000,000
General Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year.

Note 12 - Risk Management (continued)

In fiscal year 2015, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the ten school districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The Career Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The third party administrator, CompManagement, Inc., reviews each participant's claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 13 - Defined Benefit Pension Plans

Net Pension Liability

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

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

Note 13 - Defined Benefit Pension Plans (continued)

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services, and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the fiscal year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - Career Center classified employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. The report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Age and service requirements for retirement are as follows.

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

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

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

Note 13 - Defined Benefit Pension Plans (continued)

One year after an effective benefit date, a benefit recipient is entitled to a 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining .82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Career Center's contractually required contribution to SERS was $267,251 for fiscal year 2015. Of this amount, $15,192 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Career Center licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). Benefits are established by Ohio Revised Code Chapter 3307. The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-five years of service credit, or thirty years of service credit regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age sixty with thirty-five years of service or age sixty-five with five years of service on August 1, 2026.

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

Note 13 - Defined Benefit Pension Plans (continued)

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

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased 1 percent on July 1, 2014, and will be increased 1 percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was $828,355 for fiscal year 2015. Of this amount, $92,875 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense.

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$3,397,006	$14,095,761	$17,492,767
Proportion of the Net Pension Liability	.06712200%	.05795130%	
Pension Expense	$208,206	$544,972	$753,178

Note 13 - Defined Benefit Pension Plans (continued)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$28,912	$135,702	$164,614
Career center contributions subsequent to the measurement date	267,251	828,355	1,095,606
Total Deferred Outflows of Resources	$296,163	$964,057	$1,260,220
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$551,344	$2,607,769	$3,159,113

$1,260,220 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ended June 30,			
2016	($130,535)	($618,017)	($748,552)
2017	(130,535)	(618,017)	(748,552)
2018	(130,535)	(618,017)	(748,552)
2019	(130,827)	(618,016)	(748,843)
Total	($522,432)	($2,472,067)	($2,994,499)

Actuarial Assumptions - SERS

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

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

Note 13 - Defined Benefit Pension Plans (continued)

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2014, are presented below.

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.00%
U.S. Stocks	22.50	5.00
Non-U.S. Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00%	

Note 13 - Defined Benefit Pension Plans (continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's Proportionate Share of the Net Pension Liability	$4,846,518	$3,397,006	$2,177,841

Actuarial Assumptions - STRS

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

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

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males' ages are set back two years through age eigty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back for age ninety and above.

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

Note 13 - Defined Benefit Pension Plans (continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2014.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's Proportionate Share of the Net Pension Liability	$20,179,620	$14,095,761	$8,950,865

Note 13 - Defined Benefit Pension Plans (continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2015, six of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 14 - Postemployment Benefits

School Employees Retirement System (SERS)

Health Care Plan Description - The Career Center contributes to the SERS Health Care Fund administered by SERS for classified retirees and their beneficiaries. For GASB Statement No. 45 purposes, this plan is considered a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, .82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was $20,450. State statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2015, the Career Center's surcharge obligation was $14,270.

The Career Center's contribution for health care for the fiscal years ended June 30, 2015, 2014, and 2013 was $16,978, $2,605, and $2,897, respectively. For fiscal year 2015, 94 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

Note 14 - Postemployment Benefits (continued)

State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. All benefit recipients for the most recent year pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to postemployment health care. The Career Center's contribution for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $0, $59,878, and $59,410 respectively. The full amount has been contributed for all three fiscal years.

Note 15 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. The Superintendent and Treasurer are entitled to thirty days of vacation per year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Teachers may accumulate sick leave up to a maximum of two hundred forty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days. Administrators and classified employees may accumulate sick leave up to a maximum of two hundred forty days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 13.5 percent of the cost of the monthly premium. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to all contract employees through Dearborn National Life Insurance Company.

<u>Note 16 - Long-Term Obligations</u>

The changes in the Career Center's long-term obligations during fiscal year 2015 were as follows:

	Restated Balance at 6/30/14	Additions	Reductions	Balance at 6/30/15	Within One Year
Governmental Activities					
General Obligation Bonds					
FY 2014 Ohio School Facilities Commission Bonds					
Serial Bonds 2 - 5.25%	$10,380,000	$0	$45,000	$10,335,000	$100,000
Term Bonds 5 - 5.125%	19,435,000	0	0	19,435,000	0
Capital Appreciation Bonds 34.45 - 37.74%	185,000	0	0	185,000	0
Capital Appreciation Bonds Accretion	9,625	16,087	0	25,712	0
Premium	689,097	0	24,250	664,847	0
Total General Obligation Bonds	30,698,722	16,087	69,250	30,645,559	100,000
Net Pension Liability					
SERS	3,233,139	0	481,564	2,751,575	0
STRS	13,096,808	0	2,102,113	10,994,695	0
Total Net Pension Liability	16,329,947	0	2,583,677	13,746,270	0
Building Assistance Loans 0%	159,999	0	53,333	106,666	53,333
Compensated Absences Payable	627,665	163,508	120,645	670,528	61,084
Total Long-Term Obligations	$47,816,333	$179,595	$2,826,905	$45,169,023	$214,417

	Restated Balance at 6/30/14	Additions	Reductions	Balance at 6/30/15	Within One Year
Business-Type Activity					
Net Pension Liability					
SERS	$758,391	$0	$112,960	$645,431	$0
STRS	3,693,971	0	592,905	3,101,066	0
Total Net Pension Liability	4,452,362	0	705,865	3,746,497	0
Building Assistance Loans 0%	241,514	0	80,504	161,010	80,504
Compensated Absences Payable	123,719	6,699	42,380	88,038	10,985
Total Long-Term Obligations	$4,817,595	$6,699	$828,749	$3,995,545	$91,489

Note 16 - Long-Term Obligations (continued)

FY 2014 Ohio Schools Facilities Commission General Obligation Bonds

In fiscal year 2014, the Career Center issued general obligation bonds, in the original amount of $30,000,000, for constructing and improving new facilities. The bond issue consisted of serial, term, and capital appreciation bonds, in the amount of $10,380,000, $19,435,000, and $185,000, respectively. The bonds were issued for a thirty year period, with final maturity in fiscal year 2044. The bonds are being retired from the Bond Retirement debt service fund with property tax revenues.

The bonds maturing on December 1, 2038, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the fiscal years 2035 through 2039, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Fiscal Year	Amount
2035	$1,370,000
2036	1,475,000
2037	1,590,000
2038	1,710,000

Unless otherwise called for redemption, the remaining $1,835,000 principal amount of the bonds due December 1, 2038, is to be paid at stated maturity.

The bonds maturing on December 1, 2043, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the fiscal years 2040 through 2044, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Fiscal Year	Amount
2040	$1,965,000
2041	2,135,000
2042	2,285,000
2043	2,450,000

Unless otherwise called for redemption, the remaining $2,620,000 principal amount of the bonds due December 1, 2043, is to be paid at stated maturity.

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the Career Center. The mandatory redemption is to occur on December 1, 2021, at par plus accrued interest.

The capital appreciation bonds are not subject to early redemption. The capital appreciation bonds will mature in fiscal years 2018 through 2021. The maturity amount for the bonds is $1,200,000. For fiscal year 2015, $16,087 was accreted on the capital appreciation bonds for a total value of $210,712 at June 30, 2015.

Note 16 - Long-Term Obligations (continued)

As of June 30, 2015, $11,329,627 of the proceeds had not been spent.

Building Assistance Loans - In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the original amount of $800,000. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan is being retired from the Permanent Improvement capital projects fund.

In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the original amount of $1,019,779. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan is being retired from the Adult Education enterprise fund.

The Career Center pays obligations related to employee compensation from the fund benefitting from their service. For additional information related to the net pension liability, see Note 13 to the basic financial statements.

Compensated absences will be paid from the General Fund, Food Service special revenue fund, and the Adult Education enterprise fund.

The Career Center's overall debt margin was $160,220,035 with an unvoted debt margin of $2,098,474 at June 30, 2015.

The following is a summary of the Career Center's future annual debt service requirements for governmental long-term obligations:

	General Obligation Bonds			
	Serial		Term	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2016	$100,000	$498,375	$0	$986,069
2017	180,000	494,175	0	986,069
2018	0	491,475	0	986,069
2019	0	491,475	0	986,069
2020	0	491,475	0	986,069
2021-2025	1,895,000	2,282,250	0	4,930,344
2026-2030	3,740,000	1,613,550	0	4,930,344
2031-2035	4,420,000	488,250	1,370,000	4,896,094
2036-2040	0	0	8,575,000	3,575,991
2041-2044	0	0	9,490,000	1,014,238
Totals	$10,335,000	$6,851,025	$19,435,000	$24,277,356

Note 16 - Long-Term Obligations (continued)

	General Obligation Bonds		
	Capital Appreciation		Loans Payable
Fiscal Year Ending	Principal	Interest	Principal
2016	$0	$0	$53,333
2017	0	0	53,333
2018	50,000	165,000	0
2019	55,000	245,000	0
2020	45,000	280,000	0
2021	35,000	325,000	0
Totals	$185,000	$1,015,000	$106,666

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

The Career Center's future annual debt service requirements, including mandatory sinking fund requirements, payable from the enterprise fund are as follows:

Fiscal year Ending June 30,	Business-Type Activity Principal
2016	$80,504
2017	80,506
Total	$161,010

Note 17 - Set Asides

The Career Center is required by State statute to annually set aside, in the General Fund, an amount based on a 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 fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2015.

	Capital Improvements
Balance June 30, 2014	$0
Current Year Set Aside Requirement	148,931
Current Year Offsets	(148,931)
Balance June 30, 2015	$0

Note 18 - Fund Balance

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

Fund Balance	General	Bond Retirement	Locally Funded Initiatives
Nonspendable for:			
Prepaids	$69,551	$0	$12,241
Restricted for:			
Capital Improvements	0	0	7,402,300
Debt Service	0	1,419,070	0
Total Restricted	0	1,419,070	7,402,300
Assigned for:			
Budget Shortage	6,390,019	0	0
Educational Activities	1,929	0	0
Unpaid Obligations	255,104	0	0
Total Assigned	6,647,052	0	0
Unassigned	250,018	0	0
Total Fund Balance	$6,966,621	$1,419,070	$7,414,541

Fund Balance	Ohio Vocational Facilities Assistance	Other Governmental	Total
Nonspendable for:			
Prepaids	$22,348	$563	$104,703
Restricted for:			
Capital Improvements	7,290,411	2,579,649	17,272,360
Debt Service	0	0	1,419,070
Food Service Operations	0	12,711	12,711
Scholarships	0	4,200	4,200
Vocational Instruction	0	16,020	16,020
Total Restricted	7,290,411	2,612,580	18,724,361
Committed for:			
Vocational Instruction	0	64,002	64,002
Assigned for:			
Budget Shortage	0	0	6,390,019
Educational Activities	0	0	1,929
Capital Improvements	0	455,603	455,603
Unpaid Obligations	0	0	255,104
Total Assigned	0	455,603	7,102,655
Unassigned (Deficit)	0	(402)	249,616
Total Fund Balance	$7,312,759	$3,132,346	$26,245,337

Note 19 - Jointly Governed Organization

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 educational entities within the boundaries of Allen, Hancock, Mercer, 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2015, the Career Center paid $30,658 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

Note 20 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

B. Allen County Schools Health Benefits Plan

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 204 North Main Street, Lima, Ohio 45801.

Note 20 - Insurance Pools (continued)

C. Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 21 - Contingencies

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2015.

B. School Foundation

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

C. Litigation

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

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

	2014	2013
School District's Proportion of the Net Pension Liability	0.06712200%	0.06712200%
School District's Proportionate Share of the Net Pension Liability	$3,397,006	$3,991,530
School District's Covered Employee Payroll	$1,860,527	$1,810,863
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	182.58%	220.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

Apollo Career Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Two Fiscal Years (1)

	2014	2013
School District's Proportion of the Net Pension Liability	0.05795130%	0.05795130%
School District's Proportionate Share of the Net Pension Liability	$14,095,761	$16,790,779
School District's Covered Employee Payroll	$5,907,100	$5,819,631
School District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Employee Payroll	238.62%	288.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

Apollo Career Center
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$267,251	$257,869	$250,623	$237,206
Contributions in Relation to the Contractually Required Contribution	(267,251)	(257,869)	(250,623)	(237,206)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Employee Payroll	$2,027,700	$1,860,527	$1,810,863	$1,763,614
Contributions as a Percentage of Covered Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
$241,612	$248,435	$189,540	$180,407	$159,623	$173,940
(241,612)	(248,435)	(189,540)	(180,407)	(159,623)	(173,940)
$0	$0	$0	$0	$0	$0
$1,922,134	$1,834,820	$1,926,216	$1,837,140	$1,494,597	$1,644,045
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Apollo Career Center
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$828,355	$767,923	$756,552	$740,148
Contributions in Relation to the Contractually Required Contribution	(828,355)	(767,923)	(756,552)	(740,148)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Employee Payroll	$5,916,821	$5,907,100	$5,819,631	$5,693,446
Contributions as a Percentage of Covered Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
$706,568	$831,362	$812,258	$790,872	$739,386	$696,483
(706,568)	(831,362)	(812,258)	(790,872)	(739,386)	(696,483)
$0	$0	$0	$0	$0	$0
$5,435,138	$6,395,092	$6,248,138	$6,083,631	$5,687,585	$5,357,562
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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APOLLO CAREER CENTER
ALLEN COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		$16,023		$16,023
Cash Assistance:					
School Breakfast Program	10.553	$13,707		$13,707	
National School Lunch Program	10.555	121,581		121,581	
Total Child Nutrition Cluster		135,288	16,023	135,288	16,023
Total U.S. Department of Agriculture		135,288	16,023	135,288	16,023
U.S. DEPARTMENT OF EDUCATION					
(Direct Programs)					
Student Financial Assistance Cluster:					
Federal Pell Grant Program	84.063	486,305		486,305	
Federal Direct Student Loans	84.268	812,504		812,504	
Total Student Financial Assistance Cluster		1,298,809		1,298,809	
(Passed through Ohio Board of Regents)					
Adult Education State Grant Program	84.002	128,171		128,171	
(Passed through Ohio Department of Education)					
Career and Technical Education Basic Grants to States	84.048	224,719		224,719	
Career and Technical Education Basic Grants to States - Adult		104,560		104,560	
Total Vocational Education Basic Grants to States		329,279		329,279	
Improving Teacher Quality State Grants	84.367	1,784		1,784	
Total U.S. Department of Education		1,758,043		1,758,043	
Total Federal Assistance		$1,893,331	$16,023	$1,893,331	$16,023

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

APOLLO CAREER CENTER
ALLEN COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Apollo Career Center's (the Career Center) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting. Receipts are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

Program regulations do not require the Center to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance is reported in the Schedule at the entitlement value of the commodities received and consumed. The entitlement value reported in the Schedule is determined using the Commodity Allocation Tracking System (CATS). At June 30, 2015, the Center had no significant food commodities inventory.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the Center contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.

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

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Center, Allen County, (the Career Center) as of and for the fiscal year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated March 25, 2016, wherein we noted the Career Center adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Career Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

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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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to the Finding

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 25, 2016

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

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 25, 2016

APOLLO CAREER CENTER
ALLEN COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2015-001

Noncompliance Citation - Finding for Recovery Repaid Under Audit

The **Negotiated Agreement between the Shawnee Education Association and the Shawnee Local Board of Education September 1, 2014 through August 31, 2017, Article 40, Severance Pay**, states the following:

A. A teacher with ten (10) or more years of service to the Board of Education shall, at the time of retirement, be paid in cash for one-fourth the value to his or her accrued but unused sick leave credit, such payment not to exceed the negotiated rate.

FINDING NUMBER 2015-001
(Continued)

B. The payment shall be based on the teacher's per diem rate at the time of retirement, if during the school year, or at the per diem rate for the prior school year. Such payment will eliminate all sick leave credit accrued but unused by the teacher at the time payment is made. ***Maximum 58 days for the years 2015, 2016, and 2017.***

The **Memorandum of Understanding** between the Apollo Education Association and the Apollo Joint Vocational School District Board of Education for the 2014-15 school year, created an agreement to enter into an off-campus partnership program (Satellite) to teach Family and Consumer Science classes in the Shawnee Local School District. Section 1 of the Memorandum of Understanding states the Association agrees that the current Family and Consumer Science Teacher shall be employed by Apollo and compensated on the Shawnee salary schedule, and shall continue with all Shawnee fringe benefits, except for health, dental and life insurance, and flexible spending account, in which the employee will be enrolled in the Apollo Group, but at the terms of the Shawnee Collective Bargaining Agreement.

Apollo Career Center Family and Consumer Science teacher Judy Kent was paid from the Shawnee Local School District's salary schedule. Upon retirement her severance payment should have been calculated based on the Negotiated Agreement between the Shawnee Education Association and the Shawnee Local Board of Education dated September 1, 2014 through August 31, 2017. This agreement indicates the maximum sick day payout for the year 2015 is 58 days. However, on June 11, 2015 Judy Kent received a severance payment for 59.56 accumulated but unused sick days based on the Apollo Joint Vocational School District severance policy. As a result, Judy Kent received a severance overpayment of $623 (1.56 days overpaid x $399.421 daily rate).

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against Judy Kent in the amount of $623 and in favor of the Apollo Career Center General Fund.

On March 4, 2016, the finding for recovery was repaid by Judy Kent with receipt #53047 in the amount of $623 and deposited into the Apollo Career Center General Fund.

OFFICIALS' RESPONSE: The facts stated in the Finding Number 2015-001 are correct. This particular severance payment was unusual because of the Off-Campus Partnership Agreement with the Shawnee Local Board of Education and the Memorandum of Understanding with the Apollo Education Association. Although I try to be very diligent when making severance payments, I was not diligent enough in applying the difference between the Shawnee and Apollo Severance pay policies.

When we discovered the error, we brought it to the recipient's attention. She responded very honorably and immediately repaid the overpayment.

We have reviewed our procedures and believe that all future severance payments will be correct.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Dave Yost · Auditor of State

APOLLO CAREER CENTER

ALLEN 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
MAY 5, 2016

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