

**FOUR COUNTY
CAREER CENTER
HENRY COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2015**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Four County Career Center
22900 State Route 34
Archbold, Ohio 43502

We have reviewed the *Independent Auditor's Report* of the Four County Career Center, Henry County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Four County Career Center is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 25, 2016

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**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Four County Career Center
Archbold, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, Henry County, Ohio, an Ohio Joint Vocational School District (the Career Center) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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

Emphasis of Matter

As described in Note 3 to the financial statements, the Career Center adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*, and restated its July 1, 2014 net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedules of the Center's Proportionate Share of the Net Pension Liability, the Schedules of Center Contributions, and Notes to the Required Supplementary Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Four County Career Center, Ohio's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the Four County Career Center, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 Four County Career Center, Ohio's internal control over financial reporting and compliance.

James G. Zupka, CPA,
President
James G. Zupka, CPA, Inc.
Certified Public Accountants

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G. Zupka, CPA,
Inc., ou=Accounting, email=jgzcpa@sbcglobal.net, c=US
Date: 2015.12.22 16:45:45 -0500

December 11, 2015

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

The management's discussion and analysis of the Four County Career Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- The Center restated net position for 2014 as described in Note 3.A. The Center's net position of governmental activities decreased \$112,252 which represents a 1.22% decrease from 2014 as restated.
- Governmental activities' general revenues accounted for \$12,143,795 in revenue or 69.38% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,358,492 in revenue or 30.62% of total revenues of \$17,502,287.
- The Center had \$17,614,539 in expenses related to governmental activities; only \$5,358,492 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,143,795 were not adequate to provide for these programs.
- The Center's major governmental funds are the general fund, adult education fund and front entrance capital project fund. The general fund had \$15,732,873 in revenues and other financing sources and \$15,802,630 in expenditures and other financing uses. The general fund's fund balance decreased \$69,757 from \$5,002,441 to \$4,932,684.
- The adult education fund had \$778,391 in revenues and \$827,032 in expenditures. The adult education fund's fund balance decreased \$48,641 from \$381,842 to \$333,201.
- The front entrance capital project fund had \$5,000 in revenues and \$308,182 in expenditures. The front entrance capital project fund's fund balance decreased \$303,182 from \$2,100,687 to \$1,797,505.

Using the Basic Financial Statements (BFS)

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

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

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

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did the Center do financially during fiscal year 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The Center's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds begins on page 12. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund, adult education fund and the front entrance capital project fund.

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-24 of this report.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

Reporting the Center's Fiduciary Responsibilities

The Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are reported in agency funds. All of the Center's fiduciary activities are reported in separate statements of fiduciary assets and liabilities on page 25. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-60 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center's net pension liability. The required supplementary information can be found on pages 62-68 of this report.

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The table below provides a summary of the Center's net position for June 30, 2015 and June 30, 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

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

	Net Position	
	Governmental Activities 2015	Restated Governmental Activities 2014
<u>Assets</u>		
Current and other assets	\$ 15,614,629	\$ 15,842,322
Capital assets, net	<u>12,695,020</u>	<u>12,303,395</u>
Total assets	<u>28,309,649</u>	<u>28,145,717</u>
<u>Deferred outflows of resources</u>		
Pensions	<u>1,594,073</u>	<u>1,307,119</u>
Total deferred outflows of resources	<u>1,594,073</u>	<u>1,307,119</u>
<u>Liabilities</u>		
Current liabilities	2,151,770	2,240,450
Long-term liabilities:		
Due within one year	534,962	274,885
Due in more than one year:		
Net pension liability	22,302,264	26,508,485
Other amounts	<u>4,370,801</u>	<u>4,545,473</u>
Total liabilities	<u>29,359,797</u>	<u>33,569,293</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	5,846,219	5,118,454
Pensions	<u>4,044,869</u>	-
Total deferred inflows of resources	<u>9,891,088</u>	<u>5,118,454</u>
<u>Net position</u>		
Net investment in capital assets	8,844,629	8,486,997
Restricted	699,242	1,231,326
Unrestricted (deficit)	<u>(18,891,034)</u>	<u>(18,953,234)</u>
Total net position	<u>\$ (9,347,163)</u>	<u>\$ (9,234,911)</u>

During 2015, the Center adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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Under the new standards required by GASB 68, the net pension liability equals the Center's proportionate share of each plan's collective:

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

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

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

In accordance with GASB 68, the Center's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$15,966,455 to a deficit of \$9,234,911.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the Center's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$9,347,163.

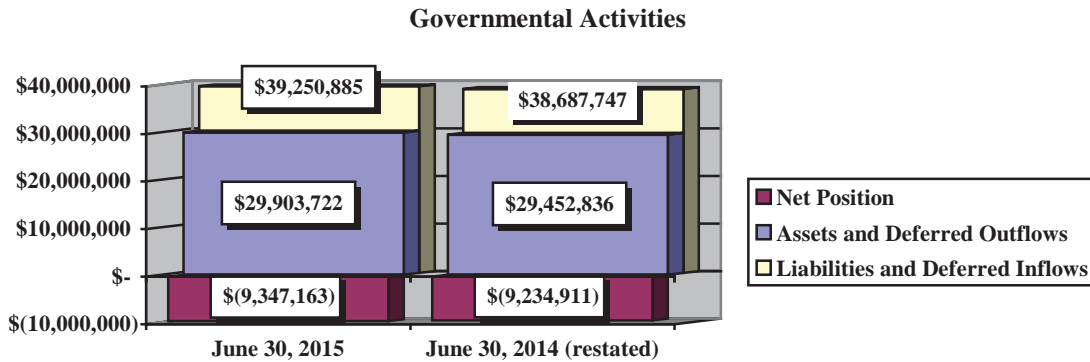
At fiscal year-end, capital assets represented 44.84% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Center's net investment in capital assets at June 30, 2015 was \$8,844,629. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
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A portion of the Center's net position, \$699,242, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of \$18,891,034. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the Center's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2015 and 2014 as restated in Note 3.A.



The table below shows the changes in net position for governmental activities between 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

Change in Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>Restated 2014</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,418,859	\$ 1,514,636
Operating grants and contributions	3,934,633	3,328,474
Capital grants and contributions	5,000	-
General revenues:		
Property taxes	6,461,535	6,085,354
Grants and entitlements	5,616,623	6,663,227
Investment earnings	44,751	38,538
Miscellaneous	20,886	51,711
Total revenues	<u>17,502,287</u>	<u>17,681,940</u>

- Continued

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>Restated 2014</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ -	\$ 21,792
Vocational	10,069,597	9,690,355
Adult/continuing	1,105,280	1,153,050
Other	16,480	18,532
Support services:		
Pupil	1,409,373	1,381,832
Instructional staff	449,390	676,540
Board of education	93,035	64,568
Administration	1,405,110	1,339,277
Fiscal	521,039	512,795
Business	88,622	70,230
Operations and maintenance	1,437,186	1,251,850
Pupil transportation	33,012	28,841
Central	359,413	339,804
Operation of non-instructional services:		
Food service operations	392,566	368,208
Other non-instructional services	20,081	26,226
Extracurricular activities	97,837	84,267
Interest and fiscal charges	116,518	96,844
Total expenses	<u>17,614,539</u>	<u>17,125,011</u>
Change in net position	(112,252)	556,929
Net position at beginning of year (restated)	<u>(9,234,911)</u>	<u>N/A</u>
Net position at end of year	<u>\$ (9,347,163)</u>	<u>\$ (9,234,911)</u>

Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,307,119 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$935,048.

**FOUR COUNTY CAREER CENTER
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Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 17,614,539
Pension expense under GASB 68	(935,048)
2015 contractually required contributions	<u>1,383,354</u>
Adjusted 2015 program expenses	18,062,845
Total 2014 program expenses under GASB 27	<u>17,125,011</u>
Increase in program expenses not related to pension	<u><u>\$ 937,834</u></u>

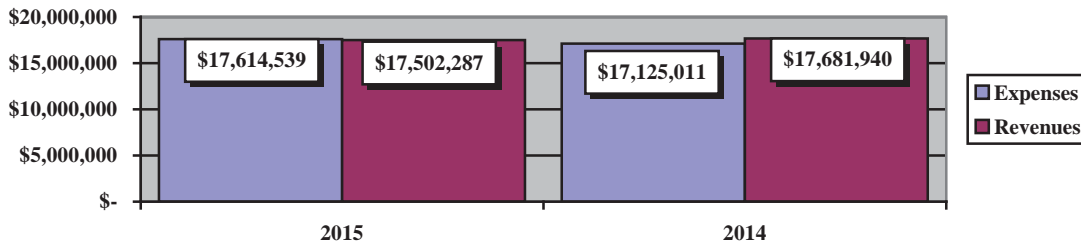
Net position of the Center's governmental activities decreased \$112,252. Total governmental expenses of \$17,614,539 were offset by program revenues of \$5,358,492 and general revenues of \$12,143,795. Program revenues supported 30.42% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 69.01% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the Center is for instructional programs. Instruction expenses totaled \$11,191,357 or 63.54% of total governmental expenses for fiscal year 2015.

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

Governmental Activities - Revenues and Expenses



**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2015</u>	<u>2015</u>	<u>2014</u>	<u>2014</u>
Program expenses:				
Instruction:				
Regular	\$ -	\$ -	\$ 21,792	\$ 21,792
Vocational	10,069,597	6,194,468	9,690,355	6,433,095
Adult/continuing	1,105,280	247,054	1,153,050	235,770
Other	16,480	16,480	18,532	18,532
Support services:				
Pupil	1,409,373	1,348,651	1,381,832	1,343,654
Instructional staff	449,390	411,610	676,540	469,584
Board of education	93,035	93,035	64,568	64,568
Administration	1,405,110	1,392,704	1,339,277	1,339,277
Fiscal	521,039	521,039	512,795	512,795
Business	88,622	88,622	70,230	70,230
Operations and maintenance	1,437,186	1,390,370	1,251,850	1,251,850
Pupil transportation	33,012	25,590	28,841	28,841
Central	359,413	272,180	339,804	247,711
Operation of non-instructional services:				
Food service operations	392,566	26,854	368,208	36,865
Other non-instructional services	20,081	13,035	26,226	26,226
Extracurricular activities	97,837	97,837	84,267	84,267
Interest and fiscal charges	116,518	116,518	96,844	96,844
Total expenses	<u>\$ 17,614,539</u>	<u>\$ 12,256,047</u>	<u>\$ 17,125,011</u>	<u>\$ 12,281,901</u>

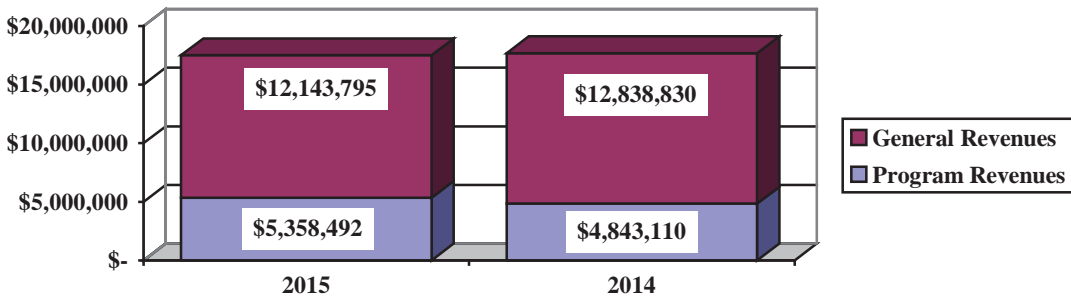
**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

The dependence upon taxes and other general revenues for governmental activities is apparent, as 57.71% of fiscal year 2015 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 69.58% in fiscal year 2015. The Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Center's students.

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

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance of \$7,444,730, which is less than last year's total balance of \$8,324,160. The table below indicates the fund balance and the total change in fund balance as of June 30, 2015 and June 30, 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>(Decrease)</u>
General	\$ 4,932,684	\$ 5,002,441	\$ (69,757)
Adult education	333,201	381,842	(48,641)
Front entrance capital project	1,797,505	2,100,687	(303,182)
Nonmajor governmental	<u>381,340</u>	<u>839,190</u>	<u>(457,850)</u>
Total	<u>\$ 7,444,730</u>	<u>\$ 8,324,160</u>	<u>\$ (879,430)</u>

General Fund

The Center's general fund balance decreased \$69,757.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 6,069,023	\$ 5,487,451	\$ 581,572	10.60 %
Tuition and fees	427,330	424,087	3,243	0.76 %
Earnings on investments	38,219	35,828	2,391	6.67 %
Intergovernmental	8,512,133	8,816,834	(304,701)	(3.46) %
Other revenues	220,215	191,979	28,236	14.71 %
Total	<u>\$ 15,266,920</u>	<u>\$ 14,956,179</u>	<u>\$ 310,741</u>	2.08 %

Overall revenues of the general fund increased \$310,741 or 2.08%. Taxes increased 10.60% from fiscal year 2014 primarily due to an increase in the assessed valuation on the collection of tax year 2014 property taxes. Intergovernmental revenue decreased because of a decrease in State Foundation funding. All other revenue classifications of the Center remained comparable to the prior fiscal year.

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

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 10,242,785	\$ 9,604,662	\$ 638,123	6.64 %
Support services	5,286,133	5,190,285	95,848	1.85 %
Operation of non-instructional services	4,316	15	4,301	28,673.33 %
Extracurricular activities	99,047	84,267	14,780	17.54 %
Debt service	140,349	-	140,349	100.00 %
Total	<u>\$ 15,772,630</u>	<u>\$ 14,879,229</u>	<u>\$ 893,401</u>	6.00 %

Overall expenditures of the general fund increased \$893,401 or 6.00%. The most significant increase was in instruction expenditures, primarily vocational expenditures. This is mostly due to the inception of long-term leases for the acquisition of computers. These items are not reported as capital outlay but as vocational expenditures since the individual items are under the Center's capitalization threshold. Debt service is also related to the long-term leases.

Adult Education Fund

The adult education fund had \$778,391 in revenues and \$827,032 in expenditures. The adult education fund's fund balance decreased \$48,641 from \$381,842 to \$333,201. This decrease in fund balance is mainly attributable to a decrease in tuition revenue during fiscal year 2015.

Front Entrance Capital Project Fund

The front entrance capital project fund had \$5,000 in revenues and \$308,182 in expenditures. The front entrance capital project fund's fund balance decreased \$303,182 from \$2,100,687 to \$1,797,505. This decrease in fund balance is mainly attributable to construction expenditures during fiscal year 2015.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

General Fund Budgeting Highlights

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Center uses site-based budgeting, and the budgeting systems are designed to tightly control total site budgets while still providing flexibility for site management. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues and other financing sources were \$14,935,257, which were unchanged from the original budgeted revenues. Actual revenues and other financing sources of \$14,909,766 were \$25,491 less than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of \$16,637,247 were unchanged in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2015 totaled \$15,274,324, which was \$1,362,923 less than the final budget estimates. This is a result of the Center's conservative budgeting practices.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the Center had \$12,695,020 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2015 balances compared to June 30, 2014.

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2015	2014
Land	\$ 219,258	\$ 219,258
Land improvements	364,164	411,456
Buildings and improvements	10,507,214	10,709,397
Furniture and equipment	947,785	829,906
Vehicles	149,859	133,378
Construction in progress	506,740	-
Total	\$ 12,695,020	\$ 12,303,395

The overall increase in capital assets of \$391,625 is due to capital asset additions of \$895,097 exceeding depreciation expense of \$498,644 and disposals of capital assets of \$4,828 (net of accumulated depreciation). See Note 8 to the basic financial statements for additional information on the Center's capital assets.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

Debt Administration

At June 30, 2015, the Center had \$3,961,916 in bonds, notes and long-term lease obligations outstanding. Of this total, \$321,298 is due within one year and \$3,640,618 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2015 and June 30, 2014.

Outstanding Debt, at Year End

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
Limited tax GO bonds	\$ 2,725,000	\$ 2,810,000
Permanent improvement TAN	910,000	1,010,000
Long-term leases	<u>326,916</u>	<u>-</u>
	<u>\$ 3,961,916</u>	<u>\$ 3,820,000</u>

At June 30, 2015, the Center's overall legal debt margin was \$292,024,679, with an unvoted debt margin of \$3,273,868.

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

Current Financial Related Activity

The Four County Career Center (the "Center") covers portions of eight different counties geographically, which consists mostly of residential/farming communities. The building and facilities are on one campus, and includes an adult education program.

Property tax levies passed in 1976, 1979 and 1988 on a continuous basis are in place to help fund the general fund operations of the Center. Overall, revenue remained stable for fiscal year 2015 in the general fund, as an increase in real estate and public utility property tax collections helped offset a decline in state funding stemming from a slight decline in enrollment. With the passage of the State biennial budget (HB64) for fiscal years 2016 and 2017, the Center will lose nearly two-thirds of its state reimbursement of tangible personal property tax, which, in total, provided three percent of its general fund operating revenue in fiscal year 2015.

Changes in state funding from preliminary estimates, apart from loss in the tangible personal property tax reimbursement, are not significant as the first year of the State biennial budget begins in fiscal year 2016.

The Center continues to manage its resources in spite of a difficult economy and was able to keep general fund expenditures within 2% of the prior fiscal year's expenditures, following four years of expenditure reductions.

During fiscal year 2010 the Center's Board established the front entrance capital project fund through a Board Resolution and transfer of funds from the general fund. The dollars in this fund may be used for specific renovations and building additions. Unused funds can also be transferred back to the general fund. The Board financed the majority of the front entrance project with the additional funds generated from the continuing .20 permanent improvement levy passed in 2013 and in the future plan to return approximately \$1.8 million back to the general fund.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

The uncertainty associated with the long term effects of the elimination of the tangible personal property tax base and most recently the state reimbursement for those taxes, along with state funding revisions and legislative changes will create future challenges; however, the financial stability of the Center continues to be a top priority.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Connie Nicely, Treasurer/CFO, Four County Career Center, 22-900 St. Rt. 34, Archbold, Ohio, 43502.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 8,618,387
Receivables:	
Taxes	6,758,481
Accounts.	16,564
Accrued interest	6,537
Prepayments	47,972
Materials and supplies inventory.	118,059
Inventory held for resale.	48,629
Capital assets:	
Nondepreciable capital assets	725,998
Depreciable capital assets, net.	11,969,022
Capital assets, net	12,695,020
Total assets.	28,309,649
 Deferred outflows of resources:	
Pension - STRS	1,280,752
Pension - SERS	313,321
Total deferred outflows of resources	1,594,073
 Liabilities:	
Accounts payable.	33,702
Contracts payable.	140,439
Accrued wages and benefits	1,681,903
Intergovernmental payable	48,389
Pension and postemployment obligation payable.	230,500
Accrued interest payable	16,837
Long-term liabilities:	
Due within one year.	534,962
Due in more than one year:	
Net pension liability (See Note 13)	22,302,264
Other amounts due in more than one year	4,370,801
Total liabilities	29,359,797
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	5,846,219
Pension - STRS.	3,464,793
Pension - SERS.	580,076
Total deferred inflows of resources	9,891,088
 Net position:	
Net investment in capital assets	8,844,629
Restricted for:	
Capital projects	275,574
Debt service.	93,514
State funded programs.	11,053
Adult education	312,822
Other purposes	6,279
Unrestricted (deficit)	(18,891,034)
Total net position.	\$ (9,347,163)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Vocational	\$ 10,069,597	\$ 585,653	\$ 3,289,476	\$ -	\$ (6,194,468)
Adult/continuing.	1,105,280	625,837	232,389	-	(247,054)
Other	16,480	-	-	-	(16,480)
Support services:					
Pupil.	1,409,373	-	60,722	-	(1,348,651)
Instructional staff	449,390	-	37,780	-	(411,610)
Board of education	93,035	-	-	-	(93,035)
Administration.	1,405,110	-	12,406	-	(1,392,704)
Fiscal.	521,039	-	-	-	(521,039)
Business.	88,622	-	-	-	(88,622)
Operations and maintenance	1,437,186	41,006	810	5,000	(1,390,370)
Pupil transportation.	33,012	-	7,422	-	(25,590)
Central	359,413	-	87,233	-	(272,180)
Operation of non-instructional services:					
Food service operations	392,566	166,363	199,349	-	(26,854)
Other non-instructional services	20,081	-	7,046	-	(13,035)
Extracurricular activities.	97,837	-	-	-	(97,837)
Interest and fiscal charges	116,518	-	-	-	(116,518)
Total governmental activities	\$ 17,614,539	\$ 1,418,859	\$ 3,934,633	\$ 5,000	(12,256,047)
 General revenues:					
Property taxes levied for:					
General purposes					6,047,441
Debt service.					284,000
Capital outlay.					130,094
Grants and entitlements not restricted					
to specific programs					5,616,623
Investment earnings					44,751
Miscellaneous.					20,886
Total general revenues.					12,143,795
Change in net position					(112,252)
Net position at beginning of year (restated).					(9,234,911)
Net position at end of year					\$ (9,347,163)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>General</u>	<u>Adult Education</u>	<u>Front Entrance Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 5,954,945	\$ 329,916	\$ 1,915,699	\$ 417,827	\$ 8,618,387
Receivables:					
Taxes	6,236,336	-	-	522,145	6,758,481
Accounts	1,387	15,177	-	-	16,564
Accrued interest	6,537	-	-	-	6,537
Prepayments	42,873	4,868	-	231	47,972
Materials and supplies inventory	118,059	-	-	-	118,059
Inventory held for resale	25,433	17,278	-	5,918	48,629
Total assets	<u>\$ 12,385,570</u>	<u>\$ 367,239</u>	<u>\$ 1,915,699</u>	<u>\$ 946,121</u>	<u>\$ 15,614,629</u>
Liabilities:					
Accounts payable	\$ 26,439	\$ 459	\$ -	\$ 6,804	\$ 33,702
Contracts payable	-	-	118,194	22,245	140,439
Accrued wages and benefits	1,593,219	28,150	-	60,534	1,681,903
Compensated absences payable	47,080	-	-	-	47,080
Intergovernmental payable	45,001	1,488	-	1,900	48,389
Pension and postemployment obligation payable	214,659	3,941	-	11,900	230,500
Total liabilities	<u>1,926,398</u>	<u>34,038</u>	<u>118,194</u>	<u>103,383</u>	<u>2,182,013</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	5,394,021	-	-	452,198	5,846,219
Delinquent property tax revenue not available	126,315	-	-	9,200	135,515
Accrued interest not available	6,152	-	-	-	6,152
Total deferred inflows of resources	<u>5,526,488</u>	<u>-</u>	<u>-</u>	<u>461,398</u>	<u>5,987,886</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	118,059	-	-	-	118,059
Prepays	42,873	4,868	-	231	47,972
Restricted:					
Debt service	-	-	-	101,576	101,576
Capital improvements	-	-	-	266,374	266,374
Adult education	-	328,333	-	2,329	330,662
Food service operations	-	-	-	9,811	9,811
Other purposes	-	-	-	17,257	17,257
Committed:					
Capital improvements	-	-	1,797,505	-	1,797,505
Assigned:					
Student instruction	8,514	-	-	-	8,514
Student and staff support	46,219	-	-	-	46,219
Extracurricular activities	6,337	-	-	-	6,337
Subsequent year's appropriations	1,678,590	-	-	-	1,678,590
Customer services	106,197	-	-	-	106,197
Other purposes	85,286	-	-	-	85,286
Unassigned (deficit)	<u>2,840,609</u>	<u>-</u>	<u>-</u>	<u>(16,238)</u>	<u>2,824,371</u>
Total fund balances	<u>4,932,684</u>	<u>333,201</u>	<u>1,797,505</u>	<u>381,340</u>	<u>7,444,730</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 12,385,570</u>	<u>\$ 367,239</u>	<u>\$ 1,915,699</u>	<u>\$ 946,121</u>	<u>\$ 15,614,629</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

Total governmental fund balances		\$	7,444,730
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			12,695,020
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	135,515	
Accrued interest receivable		6,152	
Total		<u>141,667</u>	141,667
Unamortized premiums on bonds issued are not recognized in the funds.			(74,952)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(16,837)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows\outflows are not reported in governmental funds.			
Deferred outflows - pension		1,594,073	
Deferred inflows - pension		(4,044,869)	
Net pension liability		(22,302,264)	
Total		<u>(24,753,060)</u>	(24,753,060)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(2,725,000)	
Long-term lease obligations		(326,916)	
Compensated absences		(821,815)	
Notes payable		(910,000)	
Total		<u>(4,783,731)</u>	(4,783,731)
Net position of governmental activities		<u>\$</u>	<u>(9,347,163)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

	<u>General</u>	<u>Adult Education</u>	<u>Front Entrance Capital Project</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 6,069,023	\$ -	\$ -	\$ 416,255	\$ 6,485,278
Tuition	231,562	503,646	-	-	735,208
Earnings on investments	38,219	-	-	401	38,620
Charges for services	-	-	-	165,299	165,299
Classroom materials and fees	195,768	118,612	-	-	314,380
Other local revenues	220,215	3,579	-	8,110	231,904
Intergovernmental - state	8,498,321	152,554	5,000	255,117	8,910,992
Intergovernmental - federal	13,812	-	-	624,385	638,197
Total revenues	<u>15,266,920</u>	<u>778,391</u>	<u>5,000</u>	<u>1,469,567</u>	<u>17,519,878</u>
Expenditures:					
Current:					
Instruction:					
Vocational	10,023,832	-	-	387,025	10,410,857
Adult/continuing	201,927	827,032	-	77,581	1,106,540
Other	17,026	-	-	-	17,026
Support services:					
Pupil	1,373,654	-	-	62,116	1,435,770
Instructional staff	481,646	-	-	39,045	520,691
Board of education	92,767	-	-	-	92,767
Administration	1,327,906	-	-	12,241	1,340,147
Fiscal	502,250	-	-	12,589	514,839
Business	87,498	-	-	-	87,498
Operations and maintenance	1,136,371	-	-	29,997	1,166,368
Pupil transportation	20,620	-	-	7,779	28,399
Central	263,421	-	-	91,429	354,850
Operation of non-instructional services:					
Food service operations	-	-	-	387,039	387,039
Other non-instructional services	4,316	-	-	4,113	8,429
Extracurricular activities	99,047	-	-	-	99,047
Facilities acquisition and construction	-	-	308,182	562,668	870,850
Debt service:					
Principal retirement	134,601	-	-	185,000	319,601
Interest and fiscal charges	5,748	-	-	98,795	104,543
Total expenditures	<u>15,772,630</u>	<u>827,032</u>	<u>308,182</u>	<u>1,957,417</u>	<u>18,865,261</u>
Excess of expenditures over revenues	<u>(505,710)</u>	<u>(48,641)</u>	<u>(303,182)</u>	<u>(487,850)</u>	<u>(1,345,383)</u>
Other financing sources (uses):					
Sale of capital assets	4,436	-	-	-	4,436
Transfers in	-	-	-	30,000	30,000
Transfers (out)	(30,000)	-	-	-	(30,000)
Lease transaction	461,517	-	-	-	461,517
Total other financing sources (uses)	<u>435,953</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>465,953</u>
Net change in fund balances	(69,757)	(48,641)	(303,182)	(457,850)	(879,430)
Fund balances at beginning of year	<u>5,002,441</u>	<u>381,842</u>	<u>2,100,687</u>	<u>839,190</u>	<u>8,324,160</u>
Fund balances at end of year	<u>\$ 4,932,684</u>	<u>\$ 333,201</u>	<u>\$ 1,797,505</u>	<u>\$ 381,340</u>	<u>\$ 7,444,730</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	(879,430)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 895,097	
Current year depreciation	(498,644)	
Total		396,453
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(4,828)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(23,743)	
Earnings on investments	6,152	
Total		(17,591)
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		319,601
Issuance of long-term leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(461,517)
In the statement of activities, interest is accrued on outstanding bonds, notes and leases, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(16,837)	
Amortization of bond premiums	4,862	
Total		(11,975)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,383,354
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(935,048)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		98,729
Change in net position of governmental activities	\$	(112,252)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 5,418,034	\$ 5,418,034	\$ 5,916,139	\$ 498,105
Tuition	280,000	280,000	231,682	(48,318)
Earnings on investments	40,000	40,000	43,041	3,041
Classroom materials and fees	60,000	60,000	55,892	(4,108)
Other local revenues	206,250	206,250	109,341	(96,909)
Intergovernmental - state	8,873,973	8,873,973	8,498,321	(375,652)
Intergovernmental - federal	45,000	45,000	14,676	(30,324)
Total revenues	<u>14,923,257</u>	<u>14,923,257</u>	<u>14,869,092</u>	<u>(54,165)</u>
Expenditures:				
Current:				
Instruction:				
Vocational	10,091,009	10,093,209	9,504,224	588,985
Adult/continuing	219,270	219,270	216,223	3,047
Other	18,750	18,750	13,692	5,058
Support services:				
Pupil	1,414,840	1,414,840	1,371,394	43,446
Instructional staff	507,970	503,920	486,287	17,633
Board of education	95,750	130,750	92,359	38,391
Administration	1,438,476	1,437,476	1,356,078	81,398
Fiscal	556,193	556,193	520,017	36,176
Business	106,150	106,150	87,418	18,732
Operations and maintenance	1,413,252	1,412,452	1,197,746	214,706
Pupil transportation	33,039	37,039	23,381	13,658
Central	284,913	286,163	267,538	18,625
Other non-instructional services	1,575	4,975	4,316	659
Extracurricular activities	103,060	118,060	103,651	14,409
Total expenditures	<u>16,284,247</u>	<u>16,339,247</u>	<u>15,244,324</u>	<u>1,094,923</u>
Excess of expenditures over revenues	<u>(1,360,990)</u>	<u>(1,415,990)</u>	<u>(375,232)</u>	<u>1,040,758</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5,000	5,000	36,238	31,238
Refund of prior year's receipts	(3,000)	(3,000)	-	3,000
Transfers (out)	(75,000)	(75,000)	(30,000)	45,000
Advances (out)	(200,000)	(200,000)	-	200,000
Contingencies	(75,000)	(20,000)	-	20,000
Sale of capital assets	7,000	7,000	4,436	(2,564)
Total other financing sources (uses)	<u>(341,000)</u>	<u>(286,000)</u>	<u>10,674</u>	<u>296,674</u>
Net change in fund balance	(1,701,990)	(1,701,990)	(364,558)	1,337,432
Fund balance at beginning of year	5,981,111	5,981,111	5,981,111	-
Prior year encumbrances appropriated	104,174	104,174	104,174	-
Fund balance at end of year	<u>\$ 4,383,295</u>	<u>\$ 4,383,295</u>	<u>\$ 5,720,727</u>	<u>\$ 1,337,432</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Tuition	\$ 578,000	\$ 578,000	\$ 523,341	\$ (54,659)
Classroom materials and fees	145,000	145,000	121,350	(23,650)
Other local revenues	2,000	2,000	3,774	1,774
Intergovernmental - state	135,500	135,500	152,554	17,054
Intergovernmental - federal	100	100	-	(100)
Total revenues	<u>860,600</u>	<u>860,600</u>	<u>801,019</u>	<u>(59,581)</u>
Expenditures:				
Current:				
Instruction:				
Adult/continuing	1,130,724	1,130,724	875,908	254,816
Total expenditures	<u>1,130,724</u>	<u>1,130,724</u>	<u>875,908</u>	<u>254,816</u>
Excess of expenditures over revenues.	<u>(270,124)</u>	<u>(270,124)</u>	<u>(74,889)</u>	<u>195,235</u>
Other financing sources (uses):				
Refund of prior year's expenditures	2,000	2,000	1,884	(116)
Refund of prior year's receipts.	(1,000)	(1,000)	-	1,000
Total other financing sources (uses)	<u>1,000</u>	<u>1,000</u>	<u>1,884</u>	<u>884</u>
Net change in fund balance	(269,124)	(269,124)	(73,005)	196,119
Fund balance at beginning of year	362,848	362,848	362,848	-
Prior year encumbrances appropriated	15,125	15,125	15,125	-
Fund balance at end of year	<u>\$ 108,849</u>	<u>\$ 108,849</u>	<u>\$ 304,968</u>	<u>\$ 196,119</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments	\$ 7,527
Total assets.	<u>\$ 7,527</u>
Liabilities:	
Due to students.	\$ 7,527
Total liabilities	<u>\$ 7,527</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE CENTER

The Four County Career Center (the "Center") is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located primarily in Defiance, Fulton, Henry and Williams counties. The Center is operated under a board of education consisting of eleven members. The Center provides job training for residents of participating districts. Currently, the Center provides 31 courses of instruction in such varied fields as chef training, electronics, health careers and cosmetology. The average daily membership for fiscal year 2015 was 930. The Center employed 110 certified and 52 non-certified employees.

The Center provides vocational and adult continuing instruction. Also, the Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, the Center accounts for various extracurricular activities and retirement of debt obligations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The Center is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is a program of the Northern Buckeye Education Council. 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.

NWOCA is governed by the Northern Buckeye Education Council as described below. Total disbursements made by the Center to NWOCA during fiscal year 2015 were \$125,047. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

INSURANCE PURCHASING POOLS

Northern Buckeye Health Plan's Employee Insurance Benefits Program

The Center participates in a group health insurance pool through Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool). The Pool is a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. During fiscal year 2015, the Center contributed a total of \$1,810,823 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, Ohio 45242.

Workers' Compensation Group Rating Plan

The Center participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Optimal Health Initiatives (OHI) Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Health Plan NW Division of OHI, a group purchasing pool. The WCGRP is governed by the Northern Buckeye Health Plan and the plan participants. The Executive Director of the Health Plan coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program. The Center paid \$2,115 in enrollment fees for fiscal year 2015.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Adult education fund - The adult education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursements from the Ohio Board of Regents. Expenditures include, supplies, salaries and textbooks.

Front entrance capital project - The front entrance capital project fund is used to account for the expenditures related to constructing a new front entrance to the Center's school building, remodeling the "A" wing of the Center's school building, and remodeling the NWOCA area of the Center's school building.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector. The Center has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency funds account for student activities and Center agency services.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Center are included on the statement of net position.

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

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

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

D. Basis of Accounting

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, deferred outflows of resources have been reported for the following two items related the Center's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Center's contributions to the pension systems subsequent to the measurement date. See Note 13 for further information.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, pensions, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The Center also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position. See Note 13 for further information.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control for the general fund is at the fund, function and object level and the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The Center has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Henry County Budget Commission for rate determination.

Estimated Resources:

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. 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 Center is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2015, investments were limited to negotiable and nonnegotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The Center has invested funds in STAR Ohio during fiscal year 2015. 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 shares price which is the price the investment could be sold for on June 30, 2015.

Under existing 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 amounted to \$38,219, which includes \$12,335 assigned from other funds.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

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

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center’s capitalization threshold is \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 15 years
Vehicles	5 - 15 years

I. Compensated Absences

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2015, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater are considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2015 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources upon the occurrence of relevant events. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, notes and long-term leases are recognized as a liability on the governmental fund financial statements when due.

K. Fund Balance

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

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

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HENRY COUNTY, OHIO**

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

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

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

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

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

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

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

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation. Deferred outflows of resources, deferred inflows of resources and liabilities that are attributable to the acquisition, construction or improvement of those assets, including contracts payable, and related debt also are included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

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

M. Prepayments

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

N. Estimates

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2015, the Center had no extraordinary or special items.

P. Stabilization Arrangement

The Board of Education has \$725,000 of unassigned fund balance in the general fund set aside to be used for budget stabilization. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

Q. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund loans receivable/payable. These amounts are eliminated in the governmental activities column of the statement of net position. The Center had no interfund balances at June 30, 2015.

R. Interfund Transactions

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

Interfund activities between governmental funds are eliminated in the statement of activities.

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

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

S. Unamortized Bond Premiums

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

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

T. Pensions

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND DEFICIT FUND BALANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the Center has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Center.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the Center's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented on pages 62-68.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND DEFICIT FUND BALANCE - (Continued)

A net position restatement is required in order to implement GASB Statement No. 68 and 71. The governmental activities at July 1, 2014 have been restated as follows:

	Governmental Activities
Net position as previously reported	\$ 15,966,455
Deferred outflows - payments subsequent to measurement date	1,307,119
Net pension liability	(26,508,485)
Restated net position at July 1, 2014	\$ (9,234,911)

Other than employer contributions subsequent to the measurement date, the Center made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balance

Fund balance at June 30, 2015 included the following individual fund deficit:

<u>Nonmajor fund</u>	<u>Deficit</u>
Vocational education	\$ 16,238

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year end, the Center had \$675 in undeposited cash on hand which is included on the financial statements of the Center as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all Center deposits was \$6,641,033. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2015, \$2,466,417 of the Center’s bank balance of \$6,978,373 was exposed to custodial credit risk as discussed below, while \$4,511,956 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Center’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Center.

C. Investments

As of June 30, 2015, the Center had the following investments and maturities:

<u>Investment</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
Negotiable CDs	\$ 1,304,659	\$ 240,305	\$ 248,238	\$ 575,434	\$ 240,682
STAR Ohio	<u>679,547</u>	<u>679,547</u>	-	-	-
Total	<u>\$ 1,984,206</u>	<u>\$ 919,852</u>	<u>\$ 248,238</u>	<u>\$ 575,434</u>	<u>\$ 240,682</u>

The weighted average maturity of investments is 0.74 years.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center’s investment policy does not specifically address credit risk beyond requiring the Center to only invest in securities authorized by State statute.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 Center's investments in negotiable CDs are insured by the FDIC. The Center has no investment policy dealing with investment custodial risk beyond the requirement of the State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CDs	\$ 1,304,659	65.75
STAR Ohio	<u>679,547</u>	<u>34.25</u>
Total	<u>\$ 1,984,206</u>	<u>100.00</u>

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,641,033
Investments	1,984,206
Cash on hand	<u>675</u>
Total	<u>\$ 8,625,914</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,618,387
Agency funds	<u>7,527</u>
Total	<u>\$ 8,625,914</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	<u>Amount</u>
Nonmajor governmental funds	\$ 30,000

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

All transfers made in fiscal year 2015 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Center receives property taxes from Henry, Defiance, Fulton, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Center their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$716,000 in the general fund and \$60,747 in the permanent improvement fund, a nonmajor governmental fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2014 was \$563,115 in the general fund and \$62,157 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,699,786,238	94.16	\$ 3,080,960,290	94.11
Public utility personal	<u>167,319,800</u>	<u>5.84</u>	<u>192,907,520</u>	<u>5.89</u>
Total	<u>\$ 2,867,106,038</u>	<u>100.00</u>	<u>\$ 3,273,867,810</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$3.20		\$3.20

NOTE 7 - RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, accounts and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 6,758,481
Accounts	16,564
Accrued interest	<u>6,537</u>
Total	<u>\$ 6,781,582</u>

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

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

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 219,258	\$ -	\$ -	\$ 219,258
Construction in progress	-	506,740	-	506,740
Total capital assets, not being depreciated	<u>219,258</u>	<u>506,740</u>	<u>-</u>	<u>725,998</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	754,806	-	-	754,806
Buildings and improvements	26,793,253	79,862	-	26,873,115
Furniture, fixtures and equipment	3,383,018	258,845	(45,268)	3,596,595
Vehicles	652,274	49,650	-	701,924
Total capital assets, being depreciated	<u>31,583,351</u>	<u>388,357</u>	<u>(45,268)</u>	<u>31,926,440</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(343,350)	(47,292)	-	(390,642)
Buildings and improvements	(16,083,856)	(282,045)	-	(16,365,901)
Furniture, fixtures and equipment	(2,553,112)	(136,138)	40,440	(2,648,810)
Vehicles	(518,896)	(33,169)	-	(552,065)
Total accumulated depreciation	<u>(19,499,214)</u>	<u>(498,644)</u>	<u>40,440</u>	<u>(19,957,418)</u>
Governmental activities capital assets, net	<u>\$ 12,303,395</u>	<u>\$ 396,453</u>	<u>\$ (4,828)</u>	<u>\$ 12,695,020</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Vocational	\$ 268,134
Adult/continuing	1,237
<u>Support services:</u>	
Pupil	4,899
Instructional staff	18,879
Board of education	814
Administration	2,908
Fiscal	814
Business	1,108
Operations and maintenance	175,252
Pupil transportation	5,130
Other non-instructional services	11,652
Food service operations	<u>7,817</u>
Total depreciation expense	<u>\$ 498,644</u>

**FOUR COUNTY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 9 - LEASE AGREEMENTS

During fiscal year 2015, the Center entered into long-term lease agreements with Apple, Inc. for school computers. At June 30, 2015, the items acquired by the lease agreements have not been capitalized due to each item being under the capitalization threshold. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the general fund. These expenditures are reported as function expenditures on the budgetary statement.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$ 140,350
2017	140,349
2018	<u>62,503</u>
Total minimum lease payments	343,202
Less: amount representing interest	<u>(16,286)</u>
Total	<u>\$ 326,916</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2015, the following changes occurred in governmental activities long-term obligations:

	Restated Balance Outstanding 06/30/2014	Additions	Reductions	Balance Outstanding 06/30/2015	Amounts Due in One Year
Governmental activities:					
Limited tax G.O. bonds	\$ 2,810,000	\$ -	\$ (85,000)	\$ 2,725,000	\$ 85,000
Permanent improvement tax anticipation notes	1,010,000	-	(100,000)	910,000	105,000
Long-term leases	-	461,517	(134,601)	326,916	131,298
Net pension liability	26,508,485	-	(4,206,221)	22,302,264	-
Compensated absences payable	<u>920,544</u>	<u>166,584</u>	<u>(218,233)</u>	<u>868,895</u>	<u>213,664</u>
Total long-term obligations, governmental activities	<u>\$ 31,249,029</u>	<u>\$ 628,101</u>	<u>\$ (4,744,055)</u>	27,133,075	<u>\$ 534,962</u>
			Unamortized bond premium	<u>74,952</u>	
			Total on statement of net position	<u>\$ 27,208,027</u>	

On March 5, 2013, the Center issued \$2,835,000 in voted limited tax general obligation bonds. The proceeds were used to fund various facility and site improvements. The bonds were issued for an eighteen year period with final maturity on December 1, 2030. The bonds are being retired from the debt service fund, a nonmajor governmental fund.

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

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

These bonds were also issued with a premium of \$90,456, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method; the amortization of the premium for fiscal year 2015 was \$4,862.

On June 20, 2012, the Center issued \$1,100,000 in voted permanent improvement tax anticipation notes. The proceeds were used to fund various facility and site improvements. The notes were issued for a ten year period with final maturity on December 1, 2022. The notes are being retired from the debt service fund, a nonmajor governmental fund.

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund.

Long-term leases will be paid from the general fund. See Note 9 for detail.

See Note 13 for a discussion of the Center's net pension liability.

The following is a summary of the future debt service requirements to maturity for the limited tax general obligation bonds and the permanent improvement tax anticipation notes at June 30, 2015:

Fiscal Year Ended	Principal	Interest	Total
2016	\$ 190,000	\$ 94,644	\$ 284,644
2017	190,000	90,434	280,434
2018	195,000	86,166	281,166
2019	200,000	81,786	281,786
2020	205,000	77,298	282,298
2021 - 2025	1,115,000	309,705	1,424,705
2026 - 2030	1,265,000	138,075	1,403,075
2031	<u>275,000</u>	<u>4,125</u>	<u>279,125</u>
Total	<u>\$ 3,635,000</u>	<u>\$ 882,233</u>	<u>\$ 4,517,233</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015 are a voted debt margin of \$292,024,679 and an unvoted debt margin of \$3,273,868.

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

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

All regular employees are entitled to sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25 percent of unused sick leave up to 220 days for a maximum of 55 days for all classified and administrative employees. All certified employees are entitled to 25 percent of unused sick leave up to 220 days or a maximum of 55 days.

B. Retirement Incentive Plan

This retirement incentive plan is only available to employees covered by the "Administrative Benefits" policy. The Center agrees to pay a bonus amount to an employee who elects to retire under the following provisions:

1. Be under contract at July 1, 2013.
2. Be under contract at the time of application.
3. Be a member of the Bargaining Unit.
4. Be eligible to retire on or before dates listed.
5. Age 50 has been obtained on or before June 30.
6. Officially retire on or before July 1.
7. Employees are only eligible for this plan in the first year that age and years of service makes them eligible to retire.

Employees wishing to participate in this plan must indicate their desire by submitting a written request to the Treasurer's office on or before applicable dates. Those submitting written applications must irrevocable commit to retire during the plan year.

Employees wishing to participate in the Retirement Incentive Plan should indicate a retirement date on or before the applicable date. Failure to meet the deadline shall make the employee ineligible to participate in the plan.

Individuals retiring under the provisions of this program shall receive a bonus equal to 10% of their previous year's contract salary, payable at the same time as the severance payment.

The following conditions will cause an employee to be ineligible to participate in this retirement incentive program:

- a. Eligible for disability retirement.
- b. Terminated or non-renewed prior to the plan year.
- c. Failure to submit a written letter of resignation.
- d. Failure to actually retire.
- e. Currently retired and/or receiving a retirement benefit from STRS/SERS.

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NOTE 11 - EMPLOYEE BENEFITS - (Continued)

The application due date is March 1, 2014 and the retirement date must be prior to August 31, 2014.

12 month employees retiring at the first of the year shall make application on or before October 1.

C. Health Care Benefits

The Center provides employee health care benefits through membership in the Northern Buckeye Health Plan Northwest Division of OHI (the Plan). Monthly payments are made to the Plan for health, dental and life insurance coverage. Vision insurance is provided through Vision Service Plan. The employees share the cost of the monthly premiums with the Board of Education.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The 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 Center contracted with Catlin Indemnity Company; Wells Fargo Insurance Services USA is the agent. A summary of coverages provided are as follows:

Coverage	Amounts
General liability:	
Bodily injury/property damage	\$ 6,000,000
Personal injury	6,000,000
Products/completed operations	6,000,000
General annual aggregate	8,000,000
Fire legal liability	500,000
Errors or omissions cover:	
Per occurrence (\$2,500 deductible)	6,000,000
Per aggregate (\$2,500 deductible)	6,000,000
Property and crime:	
Property (incl. inland marine, misc. equipment) (\$1,000 deductible)	51,251,346
Employee dishonesty/faithful performance of duty (\$500 deductible)	100,000
Forgery/alteration (\$500 deductible)	100,000
Computer fraud (\$500 deductible)	100,000
Theft, disappearance, destruction (\$500 deductible)	50,000
Commercial auto:	
Owned/leased vehicles	6,000,000
Medical payments (occ/agg)	5,000/55,000
Uninsured motorist	1,000,000
Physical damage (\$500 deductible)	Actual value

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

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NOTE 12 - RISK MANAGEMENT - (Continued)

B. Employee Health, Dental and Life

The Center participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self-insurance pool, for insurance benefits to employees. The Center pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

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 already have occurred.

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

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

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

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

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Center’s contractually required contribution to SERS was \$282,902 for fiscal year 2015.

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The 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 Center’s contractually required contribution to STRS was \$1,100,452 for fiscal year 2015.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 3,574,038	\$ 18,728,226	\$ 22,302,264
Proportion of the net pension liability	0.07062000%	0.07699655%	
Pension expense	\$ 208,569	\$ 726,479	\$ 935,048

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 30,419	\$ 180,300	\$ 210,719
District contributions subsequent to the measurement date	282,902	1,100,452	1,383,354
Total deferred outflows of resources	<u>\$ 313,321</u>	<u>\$ 1,280,752</u>	<u>\$ 1,594,073</u>
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 580,076	\$ 3,464,793	\$ 4,044,869
Total deferred inflows of resources	<u>\$ 580,076</u>	<u>\$ 3,464,793</u>	<u>\$ 4,044,869</u>

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

\$1,383,354 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (137,414)	\$ (821,123)	\$ (958,537)
2017	(137,414)	(821,123)	(958,537)
2018	(137,414)	(821,123)	(958,537)
2019	<u>(137,415)</u>	<u>(821,124)</u>	<u>(958,539)</u>
Total	<u>\$ (549,657)</u>	<u>\$ (3,284,493)</u>	<u>\$ (3,834,150)</u>

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Sensitivity of the 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.

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 5,099,090	\$ 3,574,038	\$ 2,291,337

Actuarial Assumptions - STRS

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

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

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

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

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

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
Total	100.00 %	

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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the 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 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%)
District's proportionate share of the net pension liability	\$ 26,811,497	\$ 18,728,226	\$ 11,892,498

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

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NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the Center's surcharge obligation was \$10,936.

The Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$27,415, \$3,201, and \$3,851, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$82,641, and \$85,607 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>	<u>Adult education</u>
Budget basis	\$ (364,558)	\$ (73,005)
Net adjustment for revenue accruals	142,621	(22,628)
Net adjustment for expenditure accruals	(489,343)	23,928
Net adjustment for other sources/uses	425,279	(1,884)
Funds budgeted elsewhere	149,219	-
Adjustment for encumbrances	<u>67,025</u>	<u>24,948</u>
GAAP basis	<u>\$ (69,757)</u>	<u>\$ (48,641)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and special enterprise fund.

NOTE 16 - CONTINGENCIES

A. Grants

The Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center at June 30, 2015.

B. Litigation

The Center is involved in no material litigation as either plaintiff or defendant.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

NOTE 16 - CONTINGENCIES

C. Foundation Funding

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

NOTE 17 - STATUTORY RESERVES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	171,697
Current year qualifying expenditures	(163,173)
Current year offsets	<u>(346,587)</u>
Total	<u>\$ (338,063)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u>\$ -</u>

The Center passed Resolution No. 37-09 establishing and funding a reserve balance account within the general fund for the purpose of stabilizing against cyclical changes in revenues and expenditures. The balance of this reserve at June 30, 2015 is \$725,000.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

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

NOTE 18 - COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 61,340
Adult education	24,866
Front entrance capital project	45,668
Nonmajor governmental funds	<u>227,188</u>
Total	<u>\$ 359,062</u>

REQUIRED SUPPLEMENTARY INFORMATION

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
Center's proportion of the net pension liability	0.07062000%	0.07062000%
Center's proportionate share of the net pension liability	\$ 3,574,038	\$ 4,199,545
Center's covered-employee payroll	\$ 2,052,085	\$ 2,563,143
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	163.84%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	2014	2013
Center's proportion of the net pension liability	0.07699655%	0.07699655%
Center's proportionate share of the net pension liability	\$ 18,728,226	\$ 22,308,940
Center's covered-employee payroll	\$ 7,866,923	\$ 9,219,169
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	241.98%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 282,902	\$ 284,419	\$ 354,739	\$ 340,438
Contributions in relation to the contractually required contribution	<u>(282,902)</u>	<u>(284,419)</u>	<u>(354,739)</u>	<u>(340,438)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered-employee payroll	\$ 2,146,449	\$ 2,052,085	\$ 2,563,143	\$ 2,531,138
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 321,353	\$ 316,460	\$ 323,158	\$ 303,172	\$ 273,678	\$ 280,347
<u>(321,353)</u>	<u>(316,460)</u>	<u>(323,158)</u>	<u>(303,172)</u>	<u>(273,678)</u>	<u>(280,347)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,556,508	\$ 2,337,223	\$ 3,284,126	\$ 3,087,291	\$ 2,562,528	\$ 2,649,783
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 1,100,452	\$ 1,022,700	\$ 1,198,492	\$ 1,190,101
Contributions in relation to the contractually required contribution	<u>(1,100,452)</u>	<u>(1,022,700)</u>	<u>(1,198,492)</u>	<u>(1,190,101)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered-employee payroll	\$ 7,860,371	\$ 7,866,923	\$ 9,219,169	\$ 9,154,623
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,183,747	\$ 1,132,387	\$ 1,156,349	\$ 1,110,763	\$ 1,034,138	\$ 1,038,895
<u>(1,183,747)</u>	<u>(1,132,387)</u>	<u>(1,156,349)</u>	<u>(1,110,763)</u>	<u>(1,034,138)</u>	<u>(1,038,895)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,105,746	\$ 8,710,669	\$ 8,894,992	\$ 8,544,331	\$ 7,954,908	\$ 7,991,500
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture			
<i>Passed through Ohio Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	\$ 26,802	\$ 0
National School Lunch Program	10.555	<u>158,205</u>	<u>23,696</u>
Total U.S. Department of Agriculture		<u>185,007</u>	<u>23,696</u>
U.S. Department of Education			
<i>Direct Award</i>			
<i>Student Financial Assistance Cluster:</i>			
ARRA - Federal Pell Grant Program	84.063	<u>11,838</u>	<u>0</u>
<i>Passed through Ohio Department of Education</i>			
Adult Education - State Grant Program	84.002	<u>44,327</u>	<u>0</u>
Vocational Education Basic Grants to the State	84.048	<u>378,699</u>	<u>0</u>
Improving Teacher Quality, Title II-A	84.367	<u>2,303</u>	<u>0</u>
<i>Total Passed through Ohio Department of Education</i>		<u>425,329</u>	<u>0</u>
Total U.S. Department of Education		<u>437,167</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 622,174</u>	<u>\$ 23,696</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015**

NOTE 1: **SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the Four County Career Center, Ohio's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2: **CHILD NUTRITION CLUSTER**

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

NOTE 3: **FOOD DONATION PROGRAM**

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Four County Career Center
Archbold, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, Henry County, Ohio, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Four County Career Center, Ohio's basic financial statements, and have issued our report thereon dated December 11, 2015, wherein we noted that the Career Center adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB No. 68*, and restated its July 1, 2014 net position.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Four County Career Center, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Four County Career Center, Ohio's internal control. Accordingly, we do not express an opinion on the effectiveness of the Four County Career Center, Ohio's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Four County Career Center, Ohio's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Four County Career Center, Ohio's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Four County Career Center, Ohio's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Four County Career Center, Ohio's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka,

CPA, President

James G. Zupka, CPA, Inc.

Certified Public Accountants

Digitally signed by James G. Zupka, CPA,
President
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o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2015.12.22 16:46:52 -05'00'

December 11, 2015

JAMES G. ZUPKA, C.P.A., INC.

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Four County Career Center
Archbold, Ohio

Report on Compliance for Each Major Federal Program

We have audited the Four County Career Center, Henry County, Ohio's (the Career Center) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Career Center's major federal program for the year ended June 30, 2015. The Four County Career Center, Ohio's major federal program is identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Four County Career Center, Ohio's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Four County Career Center, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Four County Career Center, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Four County Career Center, Ohio, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Four County Career Center, Ohio's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Four County Career Center, Ohio'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka,
CPA, President
James G. Zupka, CPA, Inc.

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Certified Public Accountants

December 11, 2015

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2015(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2015(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2015(v)	Type of Major Program's Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under .510(a)?	No
2015(vii)	Major Programs (list): Vocational Education Basic Grants to the State - CFDA #84.048	
2015(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2015(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

The prior audit report, as of June 30, 2014, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit report.



Dave Yost • Auditor of State

FOUR COUNTY CAREER CENTER

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2016**