



Dave Yost • Auditor of State

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Upper Valley Career Center
Miami County
8811 Career Drive
Piqua, OH 45356

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Upper Valley Career Center, Miami County, Ohio (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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Career Center adopted Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2016, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 8, 2016

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

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

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position of governmental activities increased \$1,705,573, which represents a 12.87% increase from fiscal year 2014.
- Governmental activities general revenues accounted for \$13,809,405 in revenue or 65.31% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,334,136 in revenue or 34.69% of total revenues of \$21,143,541.
- The Career Center had \$19,437,968 in expenses related to governmental activities; only \$7,334,136 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 \$13,809,405 were adequate to provide for these programs.
- The Career Center's only major governmental fund is the general fund. The general fund had \$16,683,037 in revenues and other financing sources and \$15,521,061 in expenditures and other financing uses. The general fund's fund balance increased from \$6,024,293 to \$7,186,269.

Using the Basic Financial Statements (BFS)

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

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

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did the Career 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 Career Center's net position and changes in net position. This change in net position is important because it tells the reader that, for the Career Center as a whole, the financial position of the Career Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Career Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

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

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 13. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the general fund.

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals and/or private organizations. This activity is presented as an agency fund. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24-25. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-60 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 Career Center's net pension liability. The required supplementary information can be found on pages 61-68 of this report

The Career Center as a Whole

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

Net Position		
	Governmental Activities 2015	Restated Governmental Activities 2014
Assets:		
Current and other assets	\$16,849,879	\$15,931,187
Capital assets, net	35,525,758	36,205,898
Total assets	52,375,637	52,137,085
Deferred outflows of resources:		
Pensions	1,724,481	1,423,843
Total deferred outflows of resources	1,724,481	1,423,843
Liabilities:		
Current liabilities	1,540,139	1,623,255
Long-term liabilities:		
Due within one year	1,108,912	1,124,513
Due in more than one year:		
Net pension liability	24,151,622	28,701,232
Other amounts	3,581,471	4,532,642
Long-term liabilities	28,842,005	34,358,387
Total liabilities	30,382,144	35,981,642

(Continued)

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

**Net Position
(Continued)**

	Governmental Activities	Restated Governmental Activities
Deferred inflows of resources:		
Other amounts	4,384,530	4,324,117
Pensions	4,372,702	
Total deferred inflows of resources	<u>8,757,232</u>	<u>4,324,117</u>
Net position:		
Net investment in capital assets	32,022,609	31,821,853
Restricted	3,216,028	3,197,751
Unrestricted (deficit)	<u>(20,277,895)</u>	<u>(21,764,435)</u>
Total net position	<u>\$14,960,742</u>	<u>\$13,255,169</u>

During 2015, the Career 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 Career 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.

Under the new standards required by GASB 68, the net pension liability equals the Career 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 Career 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.

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

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

As a result of implementing GASB 68, the Career 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 \$40,532,558 to \$13,255,169.

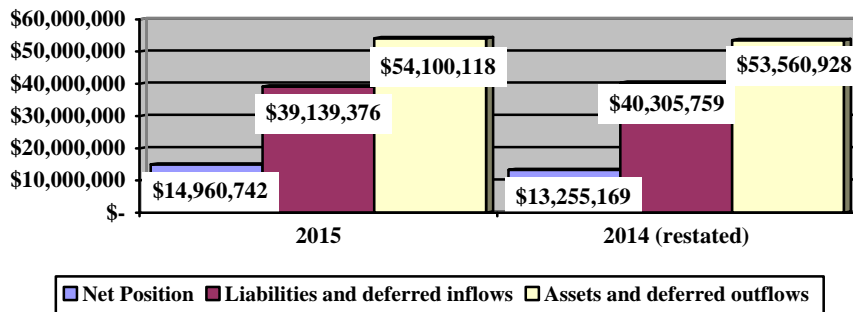
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the Career Center's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$14,960,742.

At fiscal year-end, capital assets represented 67.83% of total assets. Capital assets include land, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2015 was \$32,022,609. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$3,216,028, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$20,277,895.

The graph below illustrates the Career Center's assets and deferred outflows, liabilities and deferred inflows of resources, and net position at June 30, 2015 and June 30, 2014.

Governmental Activities



The table below shows the change in net position for fiscal years 2015 and 2014. Net position for 2014 has been restated as described in Note 3.A.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Change in Net Position

	Governmental Activities	
	2015	Restated 2014
Revenues:		
Program revenues:		
Charges for services and sales	\$2,150,762	\$2,010,606
Operating grants and contributions	5,183,374	5,324,277
General revenues:		
Property taxes	6,414,065	7,624,807
Grants and entitlements	7,325,765	7,366,422
Investment earnings	24,340	16,997
Increase (decrease) in fair value of investments	5,559	7,605
Miscellaneous	39,676	55,069
Total revenues	<u>21,143,541</u>	<u>22,405,783</u>
Expenses:		
Program expenses:		
Instruction:		
Regular	1,740,272	1,737,534
Special	418,607	410,756
Vocational	7,471,169	7,746,078
Adult/continuing	1,193,958	1,180,809
Other	177,311	202,075
Support services:		
Pupil	1,827,892	1,746,091
Instructional staff	1,005,017	961,609
Board of education	67,720	45,345
Administration	932,710	1,032,725
Fiscal	552,035	551,031
Business	188,110	194,324
Operations and maintenance	1,753,962	1,328,268
Pupil transportation	58,469	60,955
Central	816,356	1,101,644
Operation of non-instructional services:		
Other non-instructional services	638,697	599,389
Food service operations	469,374	433,793
Extracurricular activities	26,987	31,156
Interest and fiscal charges	99,322	115,495
Total expenses	<u>19,437,968</u>	<u>19,479,077</u>
Change in net position	1,705,573	2,926,706
Net position at beginning of year (restated)	13,255,169	N/A
Net position at end of year	<u>\$14,960,742</u>	<u>\$13,255,169</u>

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

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 \$1,423,843 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 \$1,019,116.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

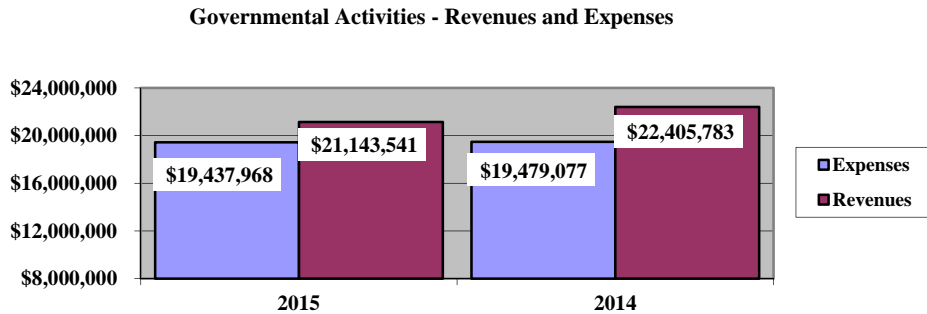
Total 2015 program expenses under GASB 68	\$19,437,968
Pension expense under GASB 68	(1,019,116)
2015 contractually required contributions	<u>1,496,662</u>
Adjusted 2015 program expenses	19,915,514
Total 2014 program expenses under GASB 27	<u>19,479,077</u>
Increase in program expenses not related to pensions	<u><u>\$436,437</u></u>

Net position of the Career Center's governmental activities increased \$1,705,573. Total governmental expenses of \$19,437,968 were offset by program revenues of \$7,334,136 and general revenues of \$13,809,405. Program revenues supported 37.73% of 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 64.98% of total governmental revenues. The decrease in property taxes is primarily due to fluctuations in the amount of tax advance that was available to the Career Center from the Miami County Auditor at fiscal year-end. The amount of tax advances available from County Auditors can vary from year to year depending upon when tax bills are mailed.

The largest expense of the Career Center is for instructional programs. Instruction expenses totaled \$11,001,317 or 56.60% of total governmental expenses for fiscal year 2015.

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



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

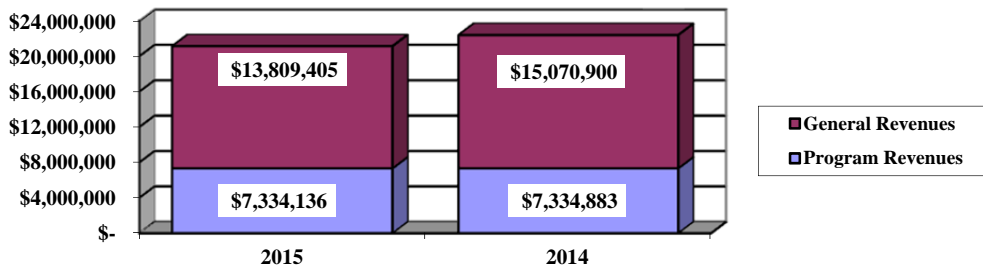
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2015 and 2014. That is, it identifies the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

Governmental Activities				
	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Program expenses:				
Instruction:				
Regular	\$1,740,272	\$1,731,522	\$1,737,534	\$1,731,734
Special	418,607	418,607	410,756	410,756
Vocational	7,471,169	3,250,349	7,746,078	3,178,551
Adult/continuing	1,193,958	(16,781)	1,180,809	194,312
Other	177,311	177,311	202,075	202,075
Support services:				
Pupil	1,827,892	1,524,465	1,746,091	1,521,970
Instructional staff	1,005,017	905,731	961,609	839,682
Board of education	67,720	67,720	45,345	45,345
Administration	932,710	571,374	1,032,725	710,988
Fiscal	552,035	552,035	551,031	551,031
Business	188,110	188,110	194,324	194,324
Operations and maintenance	1,753,962	1,735,998	1,328,268	1,302,203
Pupil transportation	58,469	58,469	60,955	60,955
Central	816,356	720,954	1,101,644	1,017,918
Operation of non-instructional services:				
Other non-instructional services	638,697	38,765	599,389	(687)
Food service operations	469,374	52,894	433,793	36,386
Extracurricular activities	26,987	26,987	31,156	31,156
Interest and fiscal charges	99,322	99,322	115,495	115,495
Total expenses	<u>\$19,437,968</u>	<u>\$12,103,832</u>	<u>\$19,479,077</u>	<u>\$12,144,194</u>

The dependence upon taxes and other general revenues for governmental activities is apparent, as 50.55% of fiscal year 2015 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 62.27% in fiscal year 2015. The Career 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 Career Center's students.

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

Governmental Activities - General and Program Revenues



**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

The Career Center's Funds

The Career Center's governmental funds reported a combined fund balance of \$10,440,642, which is greater than last year's total balance of \$9,433,058. 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 June 30, 2015	Fund Balance June 30, 2014	Change
General	\$7,186,269	\$6,024,293	\$1,161,976
Non-major Governmental	3,254,373	3,408,765	(154,392)
Total	\$10,440,642	\$9,433,058	\$1,007,584

General Fund

The Career Center's general fund balance increased \$1,161,976.

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

	2015 Amount	2014 Amount	Change	Percentage Change
Revenues:				
Property taxes	\$5,264,989	\$6,343,907	(\$1,078,918)	(17.01) %
Tuition	576,409	592,653	(16,244)	(2.74) %
Earnings on investments	22,881	12,505	10,376	82.97 %
Increase in fair value of investments	4,888	213	4,675	(2,194.84) %
Intergovernmental	10,502,201	10,844,210	(342,009)	(3.15) %
Other revenues	294,846	352,999	(58,153)	(16.47) %
Total	\$16,666,214	\$18,146,487	(\$1,480,273)	(8.16) %

Overall revenues of the general fund decreased 8.16%. Most of this decrease is attributable to a decrease in property taxes, which is due to fluctuations in the amount of tax advance that was available to the Career Center from the Miami County Auditor at fiscal year-end. The amount of tax advances available from County Auditors can vary depending upon when tax bills are mailed. Intergovernmental revenues also decreased, due to a slight decline in State Foundation revenue.

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

	2015 Amount	2014 Amount	Increase/ (Decrease)	Percentage Change
Expenditures:				
Instruction	\$9,170,103	\$9,382,247	(\$212,144)	(2.26) %
Support services	5,867,993	5,521,188	346,805	6.28 %
Operation of non-instructional services	245,419	219,722	25,697	11.70 %
Extracurricular activities	27,031	29,118	(2,087)	(7.17) %
Facilities acquisition and construction	2,922	40,020	(37,098)	(92.70) %
Capital outlay		34,203	(34,203)	(100.00) %
Debt service	7,593	7,593		0.00 %
Total	\$15,321,061	\$15,234,091	\$86,970	0.57 %

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Overall, general fund expenditures for fiscal year 2015 were comparable to the prior year. Total instruction expenditures decreased, which is mostly due to severance payments made in 2014 for retirees. The increase in support services is primarily due to the hiring of additional staff for pupil support services, as well as an increase in instruction-related technology services.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$16,821,820, which were \$110,000 less than original budgeted revenues and other financing sources of \$16,931,820. Actual revenues and other financing sources of \$16,893,409 were \$71,589 greater than final budgeted revenues and other financing sources.

General fund final appropriations (expenditures and other financing uses) of \$17,656,300 were \$428,540 more than original budgeted expenditures and other financing uses of \$17,227,760. Actual expenditures and other financing uses for fiscal year 2015 totaled \$16,318,127 and were \$1,338,173 less than final budgeted expenditures and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the Career Center had \$35,525,758 invested in land, buildings and improvements, furniture, fixtures, 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	\$1,318,863	\$1,173,459
Construction in progress		53,569
Buildings and improvements	31,425,473	31,812,348
Furniture, fixtures, and equipment	2,665,031	3,126,120
Vehicles	116,391	40,402
Total	\$35,525,758	\$36,205,898

The overall decrease in capital assets is due to depreciation expense of \$806,698 and disposals of \$252,668 (net of accumulated depreciation) exceeding capital asset additions of \$379,226.

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

Debt Administration

At June 30, 2015, the Career Center had \$3,440,000 in general obligation bonds and \$20,677 in capital lease obligations outstanding. Of these amounts, \$831,559 is due within one year and \$2,629,118 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2015 and June 30, 2014.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Outstanding Debt, at Year End		
	Governmental Activities 2015	Governmental Activities 2014
General obligation bonds	\$3,440,000	\$4,250,000
Capital lease obligations	20,677	26,924
Total	\$3,460,677	\$4,276,924

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

Current Financial Related Activities

The Career Center is located in Piqua, Ohio, but also encompasses areas within Miami, Shelby, Logan, Darke, and Auglaize Counties. With the new budget bill and changes in student count methods, there are several unknowns throughout the State regarding the funding of school districts and career centers. With approximately one-half of the Career Center's cash-basis revenue being generated through the State Foundation, any changes impacting State funding will have a significant impact on the Career Center's financial resources.

Approximately one-third of the Career Center's general fund cash-basis revenue comes from local property sources, two-thirds comes from intergovernmental State funding, and a small portion comes from other sources.

The future finances of the Career Center present several challenges due to changes in the State funding formula and budget model, issues with State legislation and the composition of the Board of Education, and local economic issues and property valuations. These situations, along with potential changes in weighted funding and federal grants, pose significant uncertainty in future revenue streams and the operation of Career Center programs.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Anthony Fraley, Treasurer, Upper Valley Career Center, 8811 Career Drive, Piqua, Ohio 45356.

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2015**

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$10,040,035
Receivables:	
Property taxes	6,525,859
Accounts	114,883
Accrued interest	5,877
Intergovernmental	102,462
Prepayments	15,844
Materials and supplies inventory	24,285
Assets held for resale	20,634
Capital assets:	
Non-depreciable capital assets	1,318,863
Depreciable capital assets, net	34,206,895
Capital assets, net	35,525,758
Total assets	52,375,637
 Deferred outflows of resources:	
Pension - STRS	1,361,751
Pension - SERS	362,730
Total deferred outflows of resources	1,724,481
 Liabilities:	
Accounts payable	80,394
Accrued wages and benefits payable	1,223,138
Intergovernmental payable	57,496
Pension and postemployment benefits payable	171,078
Accrued interest payable	8,033
Long-term liabilities:	
Due within one year	1,108,912
Due in more than one year:	
Net pension liability (See Note 13)	24,151,622
Other amounts due in more than one year	3,581,471
Total liabilities	30,382,144
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,384,530
Pension - STRS	3,690,344
Pension - SERS	682,358
Total deferred inflows of resources	8,757,232
 Net position:	
Net investment in capital assets	32,022,609
Restricted for:	
Capital projects	617,644
Classroom facilities maintenance	1,364,947
Debt service	870,177
Locally funded programs	10,611
Federally funded programs	13,289
Other purposes	339,360
Unrestricted (deficit)	(20,277,895)
Total net position	\$14,960,742

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Position</u>
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$1,740,272	\$8,750		(\$1,731,522)
Special	418,607			(418,607)
Vocational	7,471,169	585,374	\$3,635,446	(3,250,349)
Adult/continuing	1,193,958	719,635	491,104	16,781
Other	177,311			(177,311)
Support services:				
Pupil	1,827,892	134,551	168,876	(1,524,465)
Instructional staff	1,005,017		99,286	(905,731)
Board of education	67,720			(67,720)
Administration	932,710	225,104	136,232	(571,374)
Fiscal	552,035			(552,035)
Business	188,110			(188,110)
Operations and maintenance	1,753,962	5,665	12,299	(1,735,998)
Pupil transportation	58,469			(58,469)
Central	816,356	63,603	31,799	(720,954)
Operation of non-instructional services:				
Other non-instructional services	638,697	220,702	379,230	(38,765)
Food service operations	469,374	187,378	229,102	(52,894)
Extracurricular activities	26,987			(26,987)
Interest and fiscal charges	99,322			(99,322)
Total governmental activities	<u>\$19,437,968</u>	<u>\$2,150,762</u>	<u>\$5,183,374</u>	<u>(12,103,832)</u>
General revenues:				
Property taxes levied for:				
				5,250,182
General purposes				826,333
Debt service				337,550
Special revenue				7,325,765
Grants and entitlements not restricted to specific programs				24,340
Investment earnings				5,559
Increase in fair value of investments				39,676
Miscellaneous				<u>13,809,405</u>
Total general revenues				
Change in net position				1,705,573
Net position at beginning of year (restated)				<u>13,255,169</u>
Net position at end of year				<u>\$14,960,742</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General	Non-major Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$6,948,328	\$3,090,288	\$10,038,616
Receivables:			
Property taxes	5,709,051	816,808	6,525,859
Accounts		114,883	114,883
Accrued interest	5,877		5,877
Intergovernmental		102,462	102,462
Interfund loans	15,000		15,000
Prepayments	14,391	1,453	15,844
Materials and supplies inventory	23,954	331	24,285
Assets held for resale	19,000	1,634	20,634
Restricted assets:			
Equity in pooled cash and investments	1,419		1,419
Total assets	<u>12,737,020</u>	<u>4,127,859</u>	<u>16,864,879</u>
Liabilities:			
Accounts payable	72,137	8,257	80,394
Accrued wages and benefits payable	1,168,372	54,766	1,223,138
Compensated absences payable	138,076		138,076
Intergovernmental payable	51,421	6,075	57,496
Pension and postemployment benefits payable	158,567	12,511	171,078
Interfund loans payable		15,000	15,000
Total liabilities	<u>1,588,573</u>	<u>96,609</u>	<u>1,685,182</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	3,839,474	545,056	4,384,530
Delinquent property tax revenue not available	121,267	16,808	138,075
Intergovernmental revenue not available		102,462	102,462
Accrued interest not available	1,437		1,437
Classroom materials and fees revenue not available		90,177	90,177
Tuition revenue not available		22,374	22,374
Total deferred inflows of resources	<u>3,962,178</u>	<u>776,877</u>	<u>4,739,055</u>
Fund balances:			
Non-spendable:			
Materials and supplies inventory	23,954	331	24,285
Prepays	14,391	1,453	15,844
Unclaimed monies	1,419		1,419
Assets held for resale	19,000		19,000
Restricted:			
Debt service		861,402	861,402
Capital improvements		528,471	528,471
Adult education		194,721	194,721
Classroom facilities maintenance		1,364,947	1,364,947
Food service operations		40,467	40,467
Other purposes		11,891	11,891
Committed:			
Student and staff support	13,658		13,658
Student instruction	246,280		246,280
Assigned:			
Student instruction	195,818		195,818
Student and staff support	84,370		84,370
Extracurricular activities	300		300
Facilities acquisition and construction	3,983	277,624	281,607
Subsequent year's appropriations	800,526		800,526
Willowbrook Wetlands Project	114,879		114,879
Other purposes	16,789		16,789
Unassigned (deficit)	5,650,902	(26,934)	5,623,968
Total fund balances	<u>7,186,269</u>	<u>3,254,373</u>	<u>10,440,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$12,737,020</u>	<u>\$4,127,859</u>	<u>\$16,864,879</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Total governmental fund balances		\$10,440,642
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		35,525,758
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$138,075	
Accounts receivable	112,551	
Accrued interest receivable	1,437	
Intergovernmental receivable	102,462	
Total	354,525	354,525
Unamortized premiums on bonds issued are not recognized in the funds.		(42,472)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(8,033)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.		
Deferred outflows of resources - pension	1,724,481	
Deferred inflows of resources - pension	(4,372,702)	
Net pension liability	(24,151,622)	
Total	(26,799,843)	(26,799,843)
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	(3,440,000)	
Capital lease obligations	(20,677)	
Compensated absences	(1,049,158)	
Total	(4,509,835)	(4,509,835)
Net position of governmental activities		\$14,960,742

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

	General	Non-major Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$5,264,989	\$1,166,541	\$6,431,530
Tuition	576,409	854,766	1,431,175
Earnings on investments	22,881	7,681	30,562
Increase in fair value of investments	4,888	671	5,559
Charges for services		187,378	187,378
Classroom materials and fees	68,480	291,292	359,772
Rental income	960	1,746	2,706
Contributions and donations	11,461	11,543	23,004
Contract services	178,299		178,299
Other local revenues	35,646	44,550	80,196
Intergovernmental - intermediate		11,459	11,459
Intergovernmental - state	10,502,201	678,157	11,180,358
Intergovernmental - federal		1,254,183	1,254,183
Total revenues	<u>16,666,214</u>	<u>4,509,967</u>	<u>21,176,181</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,768,639		1,768,639
Special	426,977		426,977
Vocational	6,794,673	352,383	7,147,056
Adult/continuing		1,186,261	1,186,261
Other	179,814		179,814
Support services:			
Pupil	1,521,057	308,659	1,829,716
Instructional staff	925,383	99,945	1,025,328
Board of education	66,824		66,824
Administration	599,134	355,330	954,464
Fiscal	526,698	17,889	544,587
Business	191,253		191,253
Operations and maintenance	1,184,413	554,712	1,739,125
Pupil transportation	135,677		135,677
Central	717,554	93,391	810,945
Operation of non-instructional services:			
Other non-instructional services	245,419	379,230	624,649
Food service operations		450,647	450,647
Extracurricular activities	27,031		27,031
Facilities acquisition and construction	2,922	145,412	148,334
Debt service:			
Principal retirement	6,247	810,000	816,247
Interest and fiscal charges	1,346	110,500	111,846
Total expenditures	<u>15,321,061</u>	<u>4,864,359</u>	<u>20,185,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,345,153</u>	<u>(354,392)</u>	<u>990,761</u>
Other financing sources (uses):			
Proceeds from sale of assets	16,823		16,823
Transfers in		200,000	200,000
Transfers (out)	(200,000)		(200,000)
Total other financing sources (uses)	<u>(183,177)</u>	<u>200,000</u>	<u>16,823</u>
Net change in fund balances	1,161,976	(154,392)	1,007,584
Fund balances at beginning of year	6,024,293	3,408,765	9,433,058
Fund balances at end of year	<u>\$7,186,269</u>	<u>\$3,254,373</u>	<u>\$10,440,642</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Net change in fund balances - total governmental funds \$1,007,584

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

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

Capital asset additions	\$379,226	
Current year depreciation	<u>(806,698)</u>	
Total		(427,472)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (252,668)

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

Property taxes	(17,465)	
Tuition	(83,147)	
Earnings on investments	(1,874)	
Classroom materials and fees	74,579	
Other local revenues	(5,531)	
Intergovernmental	<u>798</u>	
Total		(32,640)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 816,247

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

Decrease in accrued interest payable	1,444	
Amortization of bond premiums	<u>11,080</u>	
Total		12,524

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows of resources. 1,496,662

Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension liability are reported as pension expense in the statement of activities. (1,019,116)

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. 104,452

Change in net position of governmental activities \$1,705,573

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
From local sources:				
Property taxes	\$5,587,784	\$5,587,784	\$5,655,580	\$67,796
Tuition	562,098	562,098	576,409	14,311
Earnings on investments	10,725	10,725	18,000	7,275
Classroom materials and fees	18,092	18,092	16,761	(1,331)
Rental income	480	480	960	480
Contributions and donations	13,100	13,100	9,561	(3,539)
Contract services	9,500	9,500	3,500	(6,000)
Other local revenues	45,011	45,011	35,894	(9,117)
Intergovernmental - state	10,650,030	10,540,030	10,502,201	(37,829)
Total revenues	<u>16,896,820</u>	<u>16,786,820</u>	<u>16,818,866</u>	<u>32,046</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,692,333	1,784,055	1,742,666	41,389
Special	354,113	459,388	425,234	34,154
Vocational	7,821,579	8,017,213	7,449,580	567,633
Other	127,478	183,321	177,533	5,788
Support services:				
Pupil	1,516,439	1,585,787	1,517,321	68,466
Instructional staff	1,084,334	1,001,701	891,893	109,808
Board of education	68,867	82,005	67,976	14,029
Administration	687,627	667,778	592,652	75,126
Fiscal	610,281	575,418	529,988	45,430
Business	191,174	200,865	192,841	8,024
Operations and maintenance	1,459,649	1,317,324	1,233,207	84,117
Pupil transportation	229,449	170,954	140,259	30,695
Central	796,944	789,966	734,421	55,545
Other non-instructional services	47,013	45,478	36,717	8,761
Extracurricular activities	30,123	30,900	26,385	4,515
Facilities acquisition and construction	57,202	46,597	6,904	39,693
Total expenditures	<u>16,774,605</u>	<u>16,958,750</u>	<u>15,765,577</u>	<u>1,193,173</u>
Excess (deficiency) of revenues over (under) expenditures	<u>122,215</u>	<u>(171,930)</u>	<u>1,053,289</u>	<u>1,225,219</u>
Other financing sources (uses):				
Refund of prior year's expenditures	24,000	24,000	47,720	23,720
Transfers (out)	(442,504)	(656,550)	(537,550)	119,000
Advances in	10,000	10,000	10,000	
Advances (out)	(10,651)	(41,000)	(15,000)	26,000
Proceeds from sale of assets	1,000	1,000	16,823	15,823
Total other financing sources (uses)	<u>(418,155)</u>	<u>(662,550)</u>	<u>(478,007)</u>	<u>184,543</u>
Net change in fund balance	(295,940)	(834,480)	575,282	1,409,762
Fund balance at beginning of year	5,177,608	5,177,608	5,177,608	
Prior year encumbrances appropriated	305,870	305,870	305,870	
Fund balance at end of year	<u>\$5,187,538</u>	<u>\$4,648,998</u>	<u>\$6,058,760</u>	<u>\$1,409,762</u>

See accompanying notes to the basic financial statements.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$8,675	\$114,463
Receivables:		
Accounts		1,614
Intergovernmental		53,488
Total assets	8,675	169,565
Liabilities:		
Accounts payable		1,022
Intergovernmental payable		53,488
Undistributed monies		115,055
Total liabilities		\$169,565
Net position:		
Held in trust for scholarships	8,675	
Total net position	\$8,675	

See accompanying notes to the basic financial statements.

UPPER VALLEY CAREER CENTER
MIAMI COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$32
Deductions:	
Scholarships awarded	4,500
Change in net position	(4,468)
Net position at beginning of year	<u>13,143</u>
Net position at end of year	<u><u>\$8,675</u></u>

See accompanying notes to the basic financial statements.

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

1. DESCRIPTION OF THE CAREER CENTER

The Upper Valley Career Center (the "Career Center") as defined by Section 3311.18 of the Ohio Revised Code, is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Career Center exposes high school and adult students to academic preparation and job training, which lead to employment and/or further education upon graduation from high school. The Career Center includes fourteen member school districts throughout all or portions of Auglaize, Darke, Logan, Miami, and Shelby Counties. The first official body designated as the Upper Valley Career Center Board of Education was formed in 1972. Before the beginning of fiscal year 2012, the Career Center changed its designation from Joint Vocational School District to Career Center.

The Career Center operates under a Board of Education consisting of eleven representatives who are members of the Boards of Education of the participating school districts. One member is appointed from each of the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following City and/or County School Districts: Piqua, Shelby, Sidney, and Troy. The Board of Education is responsible for providing vocational job training to residents of the participating school districts. The Career Center is staffed by 51 classified employees and 141 certified employees who provide services to 989 students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

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

1. Jointly Governed Organizations

Western Ohio Computer Organization (WOCO)

The Career Center is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions of member school districts. Each of the governments of these school districts supports WOCO based upon a per-pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the Career Center does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a Board of Directors consisting of the Superintendents of the member school districts and the degree of control is limited to the representation on the Board of Directors. The Career Center paid WOCO \$44,752 for services provided during the fiscal year. Financial information can be obtained from Donn Walls, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 100 school districts in 18 counties. The purpose of this purchasing cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any member district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the SOEPC. During this time, the withdrawing member district is liable for all member obligations. The Career Center paid the SOEPC \$61,925 for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Southwestern Ohio Instructional Technology Association (SOITA)

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the SOITA is to serve the regional instructional technology needs of the SOITA member schools by facilitating the use of high quality instructional technology to improve both teaching and learning. The Board of Trustees is comprised of 21 representatives of SOITA member schools or institutions.

The 21 representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby and Warren Counties. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member schools are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a State or local government, for a public purpose. The Career Center paid the SOITA \$707 for services provided during the fiscal year. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Frank Depalma, who serves as Interim Director, at 150 East Sixth Street, Franklin, Ohio 45005.

2. Insurance Purchasing Pools

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The Career Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven-member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating member school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust") is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code, and offers medical, dental and vision insurance benefits to the employees of the participating members. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participating member decides which plan offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

1. Governmental Funds

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the Career Center's major governmental fund:

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.

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

2. Proprietary Funds

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

3. Fiduciary Funds

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

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation and Measurement Focus

1. Government-wide Financial Statements

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

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

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

2. Fund Financial Statements

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. 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.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report results of operations.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

1. Revenues – Exchange and Non-exchange Transactions

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

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

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

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

2. Deferred 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 Career Center, deferred outflows of resources have been reported for the following two items related the Career Center's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the Career Center's contributions to the pension systems subsequent to the measurement date.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Career Center, deferred inflows of resources include property taxes 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 Career 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 Career Center also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the Career Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

3. Expenses/Expenditures

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

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

E. Budgets

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of budgetary control has been established by the Board of Education at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Career Center Treasurer has been authorized to allocate the Board of Education appropriations to the object level within the general fund, and to the function and object level within all other funds.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the certificate that were in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board of Education throughout the fiscal year, with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriations that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year, including all supplemental appropriations.

F. Cash and Investments

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

During fiscal year 2015, investments were limited to U.S. Government money markets, U.S. Treasury Notes, federal agency securities, 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 are reported at cost.

The Career 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 statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$22,881, which includes \$2,763 assigned from other Career Center funds.

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

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

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed/expended when used. Inventories are accounted for using the consumption method on both the government-wide and fund financial statements.

On the fund financial statements, reported materials and supplies inventory is equally offset by non-spendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

H. Assets Held for Resale

As an integral part of the instructional laboratory experience for the Career Center's Construction Trades program, houses are constructed on lots purchased by the Career Center for the purpose of being sold at public auction upon completion. The purchased assets that remain unsold at fiscal year-end are reported on the government-wide and fund financial statements as assets held for resale. These transactions are conducted through the Career Center's patronage fund, which is combined with the general fund for financial reporting purposes.

On the fund financial statements, the balance of assets held for resale is equally offset by non-spendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. During fiscal year 2014, the Career Center increased its capitalization threshold from \$1,200 to \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Buildings and improvements	75 years
Furniture, fixtures, and equipment	8 – 20 years
Vehicles	10 – 12 years

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable" and "interfund loans payable". These interfund balances are eliminated in the governmental activities column on the statement of net position.

K. Compensated Absences

Compensated absences of the Career 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 Career Center and the employee.

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 termination method. The liability is an estimate based on the Career Center's past experience of making termination (severance) payments.

The total liability for vacation leave 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 additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "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.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and early retirement incentive obligations 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 and capital lease obligations are recognized as liabilities on the fund financial statements when due.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance

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

Non-spendable – The non-spendable 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.

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

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

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

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

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

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Net Position

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

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

O. 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/balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expense/expenditure is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered non-spendable in an amount equal to the carrying value of the asset on the fund financial statements.

P. 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.

Q. Unamortized Bond Premium and Discount

On the government-wide financial statements, 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, 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.

R. Interfund Activity

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

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, and laws of other governments, or internally imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent amounts required by statute to be set aside by the Career Center for unclaimed monies.

T. 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. Neither type of transaction occurred during fiscal year 2015.

U. 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.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2015, the Career 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 Career 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 Career Center's pension plan disclosures and added required supplementary information.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

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 non-employer contributing entities.

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	\$40,532,558
Deferred outflows – payments subsequent to measurement date	1,423,843
Net pension liability	(28,701,232)
Restated net position at July 1, 2014	\$13,255,169

Other than employer contributions subsequent to the measurement date, the Career 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 Balances

Fund balances at June 30, 2015 included the following individual fund deficits:

Non-major governmental funds	Deficit
Vocational education enhancement	\$3,187
Miscellaneous state grants	10,050
Adult basic education	12,909
Vocational education	788

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as another financing source.

4. DEPOSITS AND INVESTMENTS

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 Treasury Asset Reserve of Ohio 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 Career Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

4. DEPOSITS AND INVESTMENTS (Continued)

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

A. Cash on Hand

At fiscal year end, the Career Center had \$625 in un-deposited cash on hand, which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2015, the carrying amount of all Career Center deposits was \$6,321,109. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, \$5,941,701 of the Career Center's bank balance of \$6,651,266 was exposed to custodial credit risk as discussed below, while \$709,565 was covered by the FDIC.

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

C. Investments

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

<u>Investment type</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>	<u>Greater than 24 Months</u>
FNMA	\$1,277,935		\$310,430			\$967,505
FHLMC	1,365,666					1,365,666
FHLB	568,844		244,983			323,861
U.S. Treasury Notes	320,587	\$120,056		2\$00,531		
U.S. Government money market	3,167	3,167				
STAR Ohio	305,240	305,240				
Total	\$3,841,439	\$428,463	\$555,413	\$200,531	\$0	\$2,657,032

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

The weighted average maturity of investments is 2.31 years.

Interest Rate Risk: The Career Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase.

Credit Risk: The Career Center's investments in federal agency securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money markets and STAR Ohio were rated AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

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

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA	\$1,277,935	33.27
FHLMC	1,365,666	35.55
FHLB	568,844	14.81
U.S. Treasury Notes	320,587	8.35
U.S. Government money market	3,167	0.08
STAR Ohio	305,240	7.94
Total	<u>\$3,841,439</u>	<u>100.00</u>

D. 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	\$6,321,109
Investments	3,841,439
Cash on hand	625
Total	<u>\$10,163,173</u>

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$10,040,035
Private-purpose trust funds	8,675
Agency funds	114,463
Total	\$10,163,173

5. INTERFUND TRANSACTIONS

A. Interfund loans receivable/payable consisted of the following at June 30, 2015, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Non-major governmental funds	\$15,000

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2015 are reported on the statement of net position.

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

<u>Transfers from general fund to:</u>	<u>Amount</u>
Non-major governmental funds	\$200,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental activities are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

All transfers during fiscal year 2015 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

6. PROPERTY TAXES

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

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

6. PROPERTY TAXES (Continued)

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 Career Center receives property taxes from Miami, Shelby, Logan, Auglaize, and Darke Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$1,748,310 in the general fund and \$254,944 in the bond retirement fund (a non-major governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2014 was \$1,801,351 in the general fund and \$262,316 in the bond retirement fund (a non-major 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 of resources.

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

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$2,147,590,860	96.82	\$2,298,848,420	96.91
Public utility personal	70,491,190	3.18	73,332,060	3.09
Total	<u>\$2,218,082,050</u>	<u>100.00</u>	<u>\$2,372,180,480</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$5.32		\$5.32	

7. RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

8. CAPITAL ASSETS

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

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$1,173,459	\$145,404		\$1,318,863
Construction in progress	53,569	41,247	(\$94,816)	
Total capital assets, not being depreciated	<u>1,227,028</u>	<u>186,651</u>	<u>(94,816)</u>	<u>1,318,863</u>
Capital assets, being depreciated:				
Buildings and improvements	35,634,796	94,816		35,729,612
Furniture, fixtures, and equipment	6,456,020	108,888	(1,823,052)	4,741,856
Vehicles	207,945	83,687		291,632
Total capital assets, being depreciated	<u>42,298,761</u>	<u>287,391</u>	<u>(1,823,052)</u>	<u>40,763,100</u>
Less: accumulated depreciation:				
Buildings and improvements	(3,822,448)	(481,691)		(4,304,139)
Furniture, fixtures, and equipment	(3,329,900)	(317,309)	1,570,384	(2,076,825)
Vehicles	(167,543)	(7,698)		(175,241)
Total accumulated depreciation	<u>(7,319,891)</u>	<u>(806,698)</u>	<u>1,570,384</u>	<u>(6,556,205)</u>
Governmental activities capital assets, net	<u>\$36,205,898</u>	<u>\$(332,656)</u>	<u>\$(347,484)</u>	<u>\$35,525,758</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$90,695
Special	10,463
Vocational	375,907
Adult/continuing	42,905
Other	4,068
Support services:	
Pupil	44,303
Instructional staff	25,515
Board of education	1,512
Administration	40,319
Fiscal	12,866
Business	5,074
Operations and maintenance	78,419
Pupil transportation	7,635
Central	27,742
Other non-instructional services	14,323
Food service operations	24,341
Extracurricular activities	611
Total depreciation expense	<u>\$806,698</u>

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

9. CAPITALIZED LEASES – LESSEE DISCLOSURE

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

Capital assets consisting of copier equipment have been capitalized in the amount of \$34,203. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2015 for this equipment was \$10,261, leaving a current book value of \$23,942. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2015 totaled \$6,247 paid by the general fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2016	\$7,593
2017	7,593
2018	<u>7,592</u>
Total minimum lease payments	22,778
Less: amount representing interest	<u>(2,101)</u>
Total	<u><u>\$20,677</u></u>

10. LONG-TERM OBLIGATIONS

A. Long-term obligations at July 1, 2014 have been restated as described in Note 3.A. The changes in the Career Center's long-term obligations during fiscal year 2015 consist of the following:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
School facilities bonds	\$4,250,000		\$(810,000)	\$3,440,000	\$825,000
Capital lease obligations	26,924		(6,247)	20,677	6,559
Early retirement incentive	113,282		(113,282)		
Compensated absences	1,213,397	\$207,111	(233,274)	1,187,234	277,353
Net pension liability	<u>28,701,232</u>		<u>(4,549,610)</u>	<u>24,151,622</u>	
Total governmental activities long-term liabilities	<u>\$34,304,835</u>	<u>\$207,111</u>	<u>(\$5,712,413)</u>	<u>28,799,533</u>	<u>\$1,108,912</u>
Unamortized bond premiums				<u>42,472</u>	
Total on statement of net position				<u><u>\$28,842,005</u></u>	

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

School Facilities General Obligation Bonds – Series 2010 – On May 20, 2010, the Career Center issued \$7,285,000 in school facilities general obligation bonds. These serial bonds are not subject to prior redemption. The bonds bear interest at rates ranging from 2.00%-3.25%, with interest payments due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2018. Principal and interest payments are made from the bond retirement fund (a non-major governmental fund).

The following is a summary of the Career Center's future annual principal and interest requirements to maturity for its general obligation bonds:

Year Ending June 30,	School Facilities Bonds – Series 2010		
	Principal	Interest	Total
2016	\$825,000	\$91,075	\$916,075
2017	845,000	69,144	914,144
2018	870,000	43,388	913,388
2019	900,000	14,625	914,625
Total	<u>\$3,440,000</u>	<u>\$218,232</u>	<u>\$3,658,232</u>

Capital Lease Obligations – The capital lease obligations will be paid from the general fund. See Note 9 for details.

Early Retirement Incentive (ERI) – The Board of Education approved an early retirement incentive (ERI) for Career Center employees in prior fiscal years. Employees who elected to participate in the ERI receive a payment for their unused sick leave, to the extent allowed by the current labor agreement, along with an annual payment of \$8,000-\$26,000. The ERI payments are made by the Career Center in lump-sum distributions over a three-year period. The final ERI payments were made in fiscal year 2015.

Compensated Absences – Compensated absences will be paid from the funds from which the employees' salaries are paid, which for the Career Center is primarily the general fund and the adult education fund (a non-major governmental fund).

Net Pension Liability – See Note 13 for detail.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The Code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The Code additionally states that un-voted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$210,917,645 (including available funds of \$861,402) and an un-voted debt margin of \$2,372,180.

**UPPER VALLEY CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation leave and sick leave benefits are derived from the Board of Education's administrative regulations and State laws. Full-time classified employees for annual terms on regular contracts are granted two weeks of paid vacation. They are granted one additional day of paid vacation for every full year of service to the Career Center after the completion of five years. After 20 years of service, classified employees are granted 25 days of paid vacation. Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Directors, and the Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 1.25 days per month. Sick leave may be accumulated up to a maximum of 210 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation to a maximum of 52.5 days.

B. Life Insurance Benefits

The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life.

12. RISK MANAGEMENT

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the Career Center contracted with the Selective Insurance Company of South Carolina for property, fleet, stop-gap, employee benefits, and liability insurance. Settled claims have not exceeded this commercial coverage in the past three fiscal years. There have been no significant changes in coverage from the last fiscal year.

B. Medical/Dental/Vision Insurance Benefits

For fiscal year 2015, the Career Center participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust"), a public entity shared risk pool consisting of 55 school districts (See Note 2.A). The Career Center pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The Career Center also provides vision insurance benefits to employees through Vision Service Plan (VSP).

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

12. RISK MANAGEMENT (Continued)

C. Workers' Compensation

For fiscal year 2015, the Career Center participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participating school districts in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all participating school districts in the GRP. Each participating school district pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Corvel Corporation provides administrative, cost control, and actuarial services to the GRP.

13. DEFINED BENEFIT PENSION PLANS

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

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

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

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13. DEFINED BENEFIT PENSION PLANS (Continued)

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 benefits payable* on both the accrual and modified accrual bases of accounting.

B. Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit, 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 Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Career Center's contractually required contribution to SERS was \$326,948 for fiscal year 2015.

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(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Plan Description – State Teachers Retirement System (STRS)

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

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. 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 Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was \$1,169,714 for fiscal year 2015.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,204,227	\$19,947,395	\$24,151,622
Proportion of the Net Pension Liability	0.08307200%	0.08200887%	
Pension Expense	\$245,345	\$773,771	\$1,019,116

At June 30, 2015, the Career 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	\$35,782	\$192,037	\$ 227,819
Career Center contributions subsequent to the measurement date	326,948	1,169,714	1,496,662
Total Deferred Outflows of Resources	<u>\$362,730</u>	<u>\$1,361,751</u>	<u>\$1,724,481</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$682,358	\$3,690,344	\$4,372,702
Total Deferred Inflows of Resources	<u>\$682,358</u>	<u>\$3,690,344</u>	<u>\$4,372,702</u>

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(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

\$1,496,662 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

<u>Fiscal Year Ending June 30:</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$161,644)	(\$874,577)	(\$1,036,221)
2017	(161,644)	(874,577)	(1,036,221)
2018	(161,644)	(874,577)	(1,036,221)
2019	(161,644)	(874,576)	(1,036,220)
Total	<u>(\$646,576)</u>	<u>(\$3,498,307)</u>	<u>(\$4,144,883)</u>

E. 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 AdHoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.00%
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	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 Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$5,998,182	\$4,204,227	\$2,695,355

F. 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:

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13. DEFINED BENEFIT PENSION PLANS (Continued)

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 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:

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

Discount Rate – The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 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 Career Center’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the Career Center’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Career Center’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

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(Continued)**

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	\$28,556,871	\$19,947,395	\$12,666,676

14. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 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 Career Center's surcharge obligation was \$16,810.

The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$36,956, \$19,789, and \$33,706, respectively. The full amount has been contributed for all three years.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

14. POST-EMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$91,143, and \$92,797 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

15. BUDGETARY BASIS OF ACCOUNTING

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

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

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

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(Continued)**

15. BUDGETARY BASIS OF ACCOUNTING (Continued)

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 the classroom facilities maintenance fund is as follows:

	Net Change in Fund Balance
	General Fund
Budget basis	\$575,282
Net adjustment for revenue accruals	(382,445)
Net adjustment for expenditure accruals	46,031
Net adjustment for other sources/uses	294,830
Funds budgeted elsewhere	18,346
Adjustment for encumbrances	609,932
GAAP basis	\$1,161,976

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, patronage fund, and unclaimed monies fund.

16. CONTINGENCIES

A. Grants

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

B. Litigation

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

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 Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Career Center, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the Career Center; therefore, 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 Career Center.

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17. SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2014	
Current year set-aside requirement	\$206,287
Current year offsets	(337,550)
Total	(\$131,263)
Balance carried forward to fiscal year 2016	\$0
Set-aside balance June 30, 2015	\$0

During fiscal year 2010, the Career Center issued \$7,285,000 in capital related school facilities general obligation bonds. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The Career Center is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$7,046,910 at June 30, 2015.

18. COMMITMENTS

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

Fund	Year End Encumbrances
General fund	\$561,171
Non-major governmental funds	191,291
Total	\$752,462

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Career Center's proportion of the net pension liability	0.08307200%	0.08307200%
Career Center's proportionate share of the net pension liability	\$4,204,227	\$4,940,025
Career Center's covered-employee payroll	\$2,413,903	\$1,883,945
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	262.22%
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.

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

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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
Career Center's proportion of the net pension liability	0.08200887%	0.08200887%
Career Center's proportionate share of the net pension liability	\$19,947,395	\$23,761,207
Career Center's covered-employee payroll	\$8,379,046	\$9,279,715
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	256.06%
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.

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

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CAREER 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	\$326,948	\$334,567	\$260,738	\$275,006
Contributions in relation to the contractually required contribution	<u>(326,948)</u>	<u>(334,567)</u>	<u>(260,738)</u>	<u>(275,006)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$2,480,637	\$2,413,903	\$1,883,945	\$2,044,654
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>
\$254,196	\$290,660	\$212,768	\$198,747	\$224,698	\$217,248
<u>(254,196)</u>	<u>(290,660)</u>	<u>(212,768)</u>	<u>(198,747)</u>	<u>(224,698)</u>	<u>(217,248)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,022,243	\$2,146,677	\$2,162,276	\$2,023,900	\$2,103,914	\$2,053,384
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE CAREER 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	\$1,169,714	\$1,089,276	\$1,206,363	\$1,355,441
Contributions in relation to the contractually required contribution	<u>(1,169,714)</u>	<u>(1,089,276)</u>	<u>(1,206,363)</u>	<u>(1,355,441)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District's covered-employee payroll	\$8,355,100	\$8,379,046	\$9,279,715	\$10,426,469
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>
\$1,484,754	\$1,635,605	\$1,657,331	\$1,604,167	\$1,555,064	\$1,539,791
<u>(1,484,754)</u>	<u>(1,635,605)</u>	<u>(1,657,331)</u>	<u>(1,604,167)</u>	<u>(1,555,064)</u>	<u>(1,539,791)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$11,421,185	\$12,581,577	\$12,748,700	\$12,339,746	\$11,962,031	\$11,844,546
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**NOTES TO THE 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 financials 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 financials for the methods and assumptions in this calculation.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture					
<i>Passed through the Ohio Department of Education</i>					
Child Nutrition Cluster:					
School Breakfast Program	10.553	\$32,751		\$32,751	
National School Lunch Program	10.555	133,430	\$22,273	133,430	\$22,273
Total Child Nutrition Cluster		<u>166,181</u>	<u>22,273</u>	<u>166,181</u>	<u>22,273</u>
Total U.S. Department of Agriculture		<u>166,181</u>	<u>22,273</u>	<u>166,181</u>	<u>22,273</u>
U.S. Department of Education					
<i>Passed through the Ohio Board of Regents</i>					
Adult Education - Basic Grants to States	84.002	169,746		169,746	
<i>Passed through the Ohio Department of Education</i>					
Career and Technical Education - Basic Grants to States	84.048	394,763		394,763	
Improving Teacher Quality State Grants	84.367	3,230		3,230	
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top, Incentive Grants, Recovery Act	84.395	2,100		2,100	
<i>Direct Receipt</i>					
Student Financial Assistance Cluster					
Federal Pell Grant Program	84.063	381,112		381,112	
Federal Direct Student Loans	84.268	601,608		601,608	
Total Student Financial Assistance Cluster		<u>982,720</u>		<u>982,720</u>	
Total U.S. Department of Education		<u>1,552,559</u>		<u>1,552,559</u>	
Total Federal Financial Assistance		<u>\$1,718,740</u>	<u>\$22,273</u>	<u>\$1,718,740</u>	<u>\$22,273</u>

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

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Upper Valley Career Center's (the Career Center's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Career Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Upper Valley Career Center
Miami County
8811 Career Drive
Piqua, OH 45356

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, (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 and have issued our report thereon dated February 8, 2016, wherein we noted that the Career Center restated net position for the Governmental Activities due to implementation of Governmental Accounting Standard Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

February 8, 2016



Dave Yost • Auditor of State

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

Upper Valley Career Center
Miami County
8811 Career Drive
Piqua, OH 45356

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

February 8, 2016

UPPER VALLEY CAREER CENTER
MIAMI COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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UPPER VALLEY CAREER CENTER

MIAMI 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