COSHOCTON COUNTY CAREER CENTER
COSHOCTON COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Dave Yost • Auditor of State

COSHOCTON COUNTY CAREER CENTER
COSHOCTON COUNTY
JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Coshocton County Career Center
Coshocton County
23640 Airport Road
Coshocton, Ohio 43812

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 Coshocton County Career Center, Coshocton 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 opinions.

Opinion

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

Emphasis of Matter

As discussed in Note 2.S to the financial statements, during the year ended June 30, 2015, the Career Center adopted Governmental Accounting Standards 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2017, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 31, 2017

The discussion and analysis of the Coshocton County 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 performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position increased $118,850 which represents a 3 percent increase from 2014.
- Capital assets decreased $52,552 during fiscal year 2015.
- During the fiscal year, outstanding debt decreased from $229,725 to $201,810 due to principal payments made by the Career Center.
- The Career Center implemented GASB 68, which reduced beginning net position as previously reported by $5,394,124.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Coshocton County Career Center as a whole 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 nonmajor funds presented in total in one column. In the case of the Coshocton County Career Center, the general fund is by far the most significant fund.

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 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 and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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 which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the Career Center's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of major funds begins on page 10. 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 statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The Career Center maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Career Center's various functions. The Career Center uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 20.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. The Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Assets and Liabilities on pages 23. 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.

The Career Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net position for 2015 compared to 2014:

Table 1
Net Position

	Governmental Activities	
	2015	Restated 2014
Assets		
Current and Other Assets	$ 2,742,283	$ 2,673,289
Capital Assets	758,344	810,896
Total Assets	3,500,627	3,484,185
Deferred Outflows of Resources		
Deferred Charges on Refunding	0	0
Pension	331,466	285,463
Total Deferred Outflows of Resources	331,466	285,463
Liabilities		
Current and Other Liabilities	499,888	454,802
Long-Term Liabilities:		
Due Within One Year	37,426	50,629
Due in More Than One Year		
Net Pension Liability	4,780,673	5,679,587
Other Amounts	406,993	480,877
Total Liabilities	5,724,980	6,665,895
Deferred Inflows of Resources		
Property Taxes and Other	1,340,589	1,319,308
Deferred Charges on Refunding	0	0
Pension	863,229	0
Total Deferred Inflows of Resources	2,203,818	1,319,308
Net Position		
Investment in Capital Assets	758,344	803,995
Restricted	52,675	73,426
Unrestricted	(4,907,724)	(5,092,976)
Total Net Position	$ (4,096,705)	$ (4,215,555)

During fiscal year 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.

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 of resources.

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 $1,178,569 to a deficit balance of $4,215,555.

At year end, capital assets represented 22 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The investment in capital assets was $758,344 at June 30, 2015. These capital assets are used to provide services to 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.

Current and other assets increased $68,994, primarily due to an increase in cash and cash equivalents with fiscal agent. The Career Center is a member of a consortium for employee benefits, and claims expense decreased significantly in fiscal year 2015.

The $52,552 decrease in capital assets is due to current year depreciation expense exceeding purchases.

There was an $898,914 decrease in total liabilities due to a decrease in net pension liability. Deferred inflows for pension increased $863,229 due to the implementation of GASB 68.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2015 and 2014.

Table 2
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
Program Revenues:		
Charges for Services	$ 114,925	$ 145,988
Operating Grants	551,955	567,050
Total Program Revenues	666,880	713,038
General Revenues:		
Property Taxes	1,487,438	1,358,442
Grants and Entitlements Not Restricted	1,759,246	1,741,385
Other	8,835	21,288
Total General Revenues	3,255,519	3,121,115
Total Revenues	3,922,399	3,834,153
Program Expenses		
Instruction:		
Regular	500,559	600,522
Special	82,557	97,869
Vocational	1,608,684	1,704,451
Support Services:		
Pupils	118,141	204,558
Instructional Staff	283,167	225,861
Board of Education	76,378	47,825
Administration	252,540	229,965
Fiscal	213,232	194,979
Business	21,888	19,482
Operation and Maintenance of Plant	447,728	496,636
Pupil Transportation	5,758	20,688
Central	36,306	33,650
Operation of Non-Instructional Services:		
Food Service Operations	129,519	123,700
Extracurricular Activities	17,922	18,599
Debt Service:		
Interest and Fiscal Charges	9,170	10,862
Total Expenses	3,803,549	4,029,647
Increase (Decrease) in Net Position	$ 118,850	$ (195,494)

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 $285,463 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 $204,797. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	$ 3,803,549
Pension expense under GASB 68	(204,797)
2015 contractually required contribution	286,485
Adjusted 2015 program expenses	3,885,237
Total 2014 program expenses under GASB 27	4,029,647
Decrease in program expenses not related pension	$ (144,410)

Property taxes revenues increased $128,996 in fiscal year 2015. The increase was primarily due to increases in assessed property values.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2015	2014	2015	2014
Instruction:				
Regular	$ 500,559	$ 600,522	$ 500,559	$ 600,522
Special	82,557	97,869	(4,747)	118
Vocational	1,608,684	1,704,451	1,217,697	1,254,361
Support Services:				
Pupils	118,141	204,558	118,141	203,794
Instructional Staff	283,167	225,861	269,605	219,933
Board of Education	76,378	47,825	76,378	47,825
Administration	252,540	229,965	252,540	229,424
Fiscal	213,232	194,979	213,232	194,979
Business	21,888	19,482	21,888	19,482
Operation and Maintenance of Plant	447,728	496,636	440,460	469,446
Pupil Transportation	5,758	20,688	5,758	14,678
Central	36,306	33,650	32,319	30,203
Operation of Non-Instructional Services:				
Food Service Operations	129,519	123,700	(34,253)	2,383
Extracurricular Activities	17,922	18,599	17,922	18,599
Debt Service:				10,862
Interest and Fiscal Charges	9,170	10,862	9,170	0
Total Expenses	$ 3,803,549	$ 4,029,647	$ 3,136,669	$ 3,316,609

The dependence upon general revenues for governmental activities is apparent. Over 82 percent of governmental activities are supported through taxes and other general revenues; such revenues are 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the Career Center students.

Governmental Funds

Information about the Career Center's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $3,935,587 and expenditures of $4,010,493 for the fiscal year.

The general fund's net change in fund balance for fiscal year 2015 was a decrease of $71,512. The decrease is due to expenditures consistently outpacing revenue.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the Career Center amended its general fund budget. The Career Center uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

During the course of fiscal year 2015, there were no significant changes from the original to final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the Career Center had $758,344 invested in capital assets. Table 4 shows fiscal year 2015 balances compared with 2014.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	$ 28,429	$ 28,429
Land Improvements	804	1,034
Buildings and Improvements	522,761	583,858
Furniture and Fixtures	197,475	186,756
Vehicles	8,875	10,819
Totals	$ 758,344	$ 810,896

The $52,552 decrease in capital assets was attributable to current year depreciation exceeding additional purchases. See Note 7 for more information about the capital assets of the Career Center.

Debt

At June 30, 2015, the Career Center had $201,810 in debt outstanding. See Note 12 for additional details. Table 5 summarizes loans outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2015	2014
H.B. 264 Loan	$ 201,810	$ 220,156
Installment Loan	0	9,569
Total	$ 201,810	$ 229,725

Current Issues

The Coshocton County Career Center's enrollment remains steady with no significant increase. During fiscal year 2015, joint vocational school districts were guaranteed to the amount received for fiscal year 2013. No district received an increase greater than 10 percent in fiscal year 2015 over prior year funding. The Coshocton County Career Center has been on the guarantee and not experiencing any additional revenue. The budget guarantees a school district 99 percent of its combined state and local resources from the prior year.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact Tamara Hess, Treasurer of Coshocton County Career Center, 23640 Airport Road, Coshocton OH 43812.

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Coshocton County Career Center
Coshocton County, Ohio
Statement of Net Position
June 30, 2015

		Governmental Activities
Assets		
Equity in Pooled Cash and Cash Equivalents	$	811,301
Cash and Cash Equivalents with Fiscal Agent		390,480
Inventory Held For Resale		6,011
Materials and Supplies Inventory		13,093
Receivables:		
Intergovernmental		55,745
Property Taxes		1,465,653
Nondepreciable Capital Assets		28,429
Depreciable Capital Assets (Net)		729,915
Total Assets		3,500,627
Deferred Outflows of Resources		
Pension		331,466
Liabilities		
Accounts Payable		35,105
Accrued Wages and Benefits		322,086
Intergovernmental Payable		44,341
Accrued Vacation Leave Payable		21,032
Matured Compensated Absences Payable		35,416
Accrued Interest Payable		2,113
Claims Payable		39,795
Long Term Liabilities:		
Due Within One Year		37,426
Due In More Than One Year:		
Net Pension Liability (See Note 10)		4,780,673
Other Amounts Due in More Than One Year		406,993
Total Liabilities		5,724,980
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year		1,340,589
Pension		863,229
Total Deferred Inflows of Resources		2,203,818
Net Position		
Investment in Capital Assets		758,344
Restricted For:		
Capital Outlay		3,700
Set Asides		4,622
Other Purposes		44,353
Unrestricted		(4,907,724)
Total Net Position	$	(4,096,705)

See accompanying notes to the basic financial statements.

Coshocton County Career Center
Coshocton County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2015

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 500,559	$ 0	$ 0	$ (500,559)
Special	82,557	0	87,304	4,747
Vocational	1,608,684	59,506	331,481	(1,217,697)
Support Services:				
Pupils	118,141	0	0	(118,141)
Instructional Staff	283,167	0	13,562	(269,605)
Board of Education	76,378	0	0	(76,378)
Administration	252,540	0	0	(252,540)
Fiscal	213,232	0	0	(213,232)
Business	21,888	0	0	(21,888)
Operation and Maintenance of Plant	447,728	7,268	0	(440,460)
Pupil Transportation	5,758	0	0	(5,758)
Central	36,306	0	3,987	(32,319)
Operation of Non-Instructional Services:				
Food Service Operations	129,519	48,151	115,621	34,253
Extracurricular Activities	17,922	0	0	(17,922)
Debt Service:				
Interest and Fiscal Charges	9,170	0	0	(9,170)
Total	$ 3,803,549	$ 114,925	$ 551,955	(3,136,669)

General Revenues	
Property Taxes Levied for:	
General Purposes	1,460,282
Debt Service	27,156
Grants and Entitlements Not Restricted to Specific Programs	1,759,246
Investment Earnings	2,971
Miscellaneous	5,864
Total General Revenues	3,255,519
Change in Net Position	118,850
Net Position Beginning of Year (Restated-See Note 2S)	(4,215,555)
Net Position End of Year	$ (4,096,705)

See accompanying notes to the basic financial statements.

Coshocton County Career Center
Coshocton County, Ohio
Balance Sheet
Governmental Funds
June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$ 770,805	$ 35,874	$ 806,679
Restricted Cash and Cash Equivalents	4,622	0	4,622
Inventory Held For Resale	0	6,011	6,011
Materials and Supplies Inventory	13,093	0	13,093
Receivables:			
Intergovernmental	0	55,745	55,745
Property Taxes	1,439,056	26,597	1,465,653
Total Assets	$ 2,227,576	$ 124,227	$ 2,351,803
Liabilities			
Accounts Payable	$ 33,481	$ 1,624	$ 35,105
Accrued Wages and Benefits	300,000	22,086	322,086
Intergovernmental Payable	40,705	3,636	44,341
Matured Compensated Absences Payable	35,416	0	35,416
Total Liabilities	409,602	27,346	436,948
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	1,316,262	24,327	1,340,589
Unavailable Revenue	43,169	1,312	44,481
Total Deferred Inflows of Resources	1,359,431	25,639	1,385,070
Fund Balances			
Nonspendable	13,093	0	13,093
Restricted	4,622	54,679	59,301
Committed	0	17,316	17,316
Assigned	363,786	0	363,786
Unassigned	77,042	(753)	76,289
Total Fund Balances	458,543	71,242	529,785
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,227,576	$ 124,227	$ 2,351,803

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balances		$ 529,785
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		758,344
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	$ 514	
Property Taxes	43,967	44,481
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		350,685
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(2,113)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	331,466	
Deferred Inflows - Pension	(863,229)	
Net Pension Liability	(4,780,673)	(5,312,436)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
House Bill 264 Loan	(201,810)	
Vacations Payable	(21,032)	
Compensated Absences	(242,609)	(465,451)
Net Position of Governmental Activities		$ (4,096,705)

See accompanying notes to the basic financial statements.

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	$ 1,435,815	$ 27,083	$ 1,462,898
Intergovernmental	2,057,838	271,218	2,329,056
Investment Income	740	0	740
Tuition and Fees	38,490	0	38,490
Extracurricular Activities	0	8,343	8,343
Rentals	7,268	0	7,268
Charges for Services	21,016	39,807	60,823
Contributions and Donations	4,167	0	4,167
Miscellaneous	23,802	0	23,802
Total Revenues	3,589,136	346,451	3,935,587
Expenditures			
Current:			
Instruction:			
Regular	544,533	0	544,533
Special	0	93,764	93,764
Vocational	1,614,758	59,678	1,674,436
Support Services:			
Pupils	133,132	0	133,132
Instructional Staff	263,307	23,491	286,798
Board of Education	76,489	0	76,489
Administration	269,107	0	269,107
Fiscal	222,256	0	222,256
Business	22,146	0	22,146
Operation and Maintenance of Plant	441,692	12,008	453,700
Pupil Transportation	4,650	0	4,650
Central	32,024	4,282	36,306
Extracurricular Activities	18,569	0	18,569
Operation of Non-Instructional Services:			
Food Service Operations	0	130,181	130,181
Debt Service:			
Principal Retirement	16,470	18,346	34,816
Interest and Fiscal Charges	1,515	8,095	9,610
Total Expenditures	3,660,648	349,845	4,010,493
Net Change in Fund Balance	(71,512)	(3,394)	(74,906)
Fund Balances Beginning of Year	530,055	74,636	604,691
Fund Balances End of Year	$ 458,543	$ 71,242	$ 529,785

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balances - Total Governmental Funds		$ (74,906)
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. This is the amount by which depreciation exceeded capital additions in the current period.		
Capital Asset Additions	$ 57,466	
Current Year Depreciation	(103,123)	(45,657)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(6,895)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	6,601	
Intergovernmental	(22,020)	(15,419)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		34,816
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		286,485
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(204,797)
In the statement of activities, interest is accrued on outstanding bonds; and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		440
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		93,059
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	52,271	
Vacations Payable	(547)	51,724
Change in Net Position of Governmental Activities		$ 118,850

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	$ 1,341,000	$ 1,400,954	$ 1,400,954	$ 0
Intergovernmental	2,044,779	2,057,838	2,057,838	0
Investment Income	1,500	740	740	0
Tuition and Fees	42,927	28,649	28,649	0
Rentals	20,000	7,268	7,268	0
Miscellaneous	20,400	4,029	4,029	0
Total Revenues	3,470,606	3,499,478	3,499,478	0
Expenditures				
Current:				
Instruction:				
Regular	555,430	552,376	552,376	0
Vocational	1,620,667	1,591,720	1,591,720	0
Support Services:				
Pupils	201,429	137,245	137,245	0
Instructional Staff	245,029	232,243	232,243	0
Board of Education	76,495	83,368	83,368	0
Administration	258,518	262,610	262,610	0
Fiscal	230,961	222,006	222,006	0
Business	23,121	22,509	22,509	0
Operation and Maintenance of Plant	467,127	439,527	439,527	0
Pupil Transportation	13,523	10,885	10,885	0
Central	36,417	39,927	39,927	0
Extracurricular Activities	18,137	18,614	18,614	0
Debt Service:				
Principal Retirement	16,470	16,470	16,470	0
Interest and Fiscal Charges	1,515	1,515	1,515	0
Total Expenditures	3,764,839	3,631,015	3,631,015	0
Excess of Revenues Over (Under) Expenditures	(294,233)	(131,537)	(131,537)	0
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	5,000	17,938	17,938	0
Transfers Out	(10,000)	0	0	0
Total Other Financing Sources (Uses)	(5,000)	17,938	17,938	0
Net Change in Fund Balance	(299,233)	(113,599)	(113,599)	0
Fund Balance Beginning of Year	751,114	751,114	751,114	0
Prior Year Encumbrances Appropriated	24,420	24,420	24,420	0
Fund Balance End of Year	$ 476,301	$ 661,935	$ 661,935	$ 0

See accompanying notes to the basic financial statements.

Coshocton County Career Center
Coshocton County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2015

	Governmental Activities - Internal Service Fund
Assets	
Current Assets	
Cash and Cash Equivalents with Fiscal Agent	$ 390,480
Liabilities	
Current Liabilities	
Claims Payable	39,795
Net Position	
Unrestricted	$ 350,685

See accompanying notes to the basic financial statements.

Coshocton County Career Center
Coshocton County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	$ 691,606
Other	185,284
Total Operating Revenues	876,890
Operating Expenses	
Purchased Services	177,139
Claims	608,923
Total Operating Expenses	786,062
Operating Income (Loss)	90,828
Non-Operating Revenues (Expenses)	
Interest	2,231
Change in Net Position	93,059
Net Position Beginning of Year	257,626
Net Position End of Year	$ 350,685

See accompanying notes to the basic financial statements.

Coshocton County Career Center
Coshocton County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2015

	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities	
Cash Received from Interfund Services	$ 691,606
Other Cash Receipts	185,284
Cash Paid for Goods and Services	(177,139)
Cash Paid for Claims	(620,314)
Net Cash Provided By (Used For) Operating Activities	79,437
Cash Flows From Investing Activities	
Interest on Investments	2,231
Net Increase (Decrease) in Cash and Cash Equivalents	81,668
Cash and Cash Equivalents, Beginning of Year	308,812
Cash and Cash Equivalents, End of Year	$ 390,480
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ 90,828
Increase (Decrease) in Liabilities:	
Claims Payable	(11,391)
Net Cash Provided By (Used For) Operating Activities	$ 79,437

See accompanying notes to the basic financial statements.

Coshocton County Career Center
Coshocton County, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2015

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 9,559
Liabilities	
Due to Students	$ 9,559

See accompanying notes to the basic financial statements.

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NOTE 1: DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Coshocton County Career Center (Career Center) was 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 is a school district as defined by Section 3311.18 of the Ohio Revised Code. The Career Center operates under a Board of Education, consisting of five members appointed by participating school districts.

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

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

The Career Center is involved with the Ohio Mid-Eastern Regional Educational Services Association (OME-RESA), which is defined as a jointly governed organization. Additional information concerning the jointly governed organization is presented in Note 16.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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

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

B. Fund Accounting

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

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

> ***General Fund*** - The general fund accounts for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Career Center account for grants and other resources to which the Career Center is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The Career Center's only proprietary fund is an internal service fund.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Career Center on a cost reimbursement basis. The Career Center's internal service fund accounts for the operation of the Career Center's self-insurance program for employee medical benefits.

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its internal service fund activity.

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

D. Basis of Accounting

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

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 the 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 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On 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.

Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position 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, pension, 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 on both the government-wide statement of net position and 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 may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Process

All funds, 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, 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's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

F. Cash and Cash Equivalents

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Interest in the pool is presented as "equity in pooled cash and cash equivalents." The Career Center participates in the Jefferson Health Plan. The Jefferson Health Plan is an insurance consortium for self-insurance. These monies are held separate from the Career Center's central bank account and are reflected in the financial statement as "cash and cash equivalents with fiscal agent."

During fiscal year 2015, investments were limited to STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements, are reported at cost.

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 share price which is the price the investment could be sold for on June 30, 2015. Certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to $740, which includes $102 assigned from other Career Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Career Center are reported as cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

G. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method, which means that the costs of inventory items are recorded as expenditures in the governmental funds when consumed.

Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of capital improvements. See Note 15 for additional information regarding set-asides.

I. Capital Assets

All capital assets of the Career Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Estimated Lives
Land Improvements	10-30 Years
Buildings and Improvements	10-50 Years
Furniture and Equipment	5-15 Years
Vehicles	5-10 Years

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid.

K. 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 positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long term obligations from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, and compensated absences 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 fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings 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 their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2015, there was no net position restricted by enabling legislation.

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

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the Career Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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. 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 or 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. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

O. Interfund Activity

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

R. Estimates

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

S. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2015, the Career Center has implemented Governmental Accounting Standards Board (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. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability and pension expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and 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. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported.

Net Position June 30, 2014	$ 1,178,569
Adjustments:	
Net Pension Liability	(5,679,587)
Deferred Outflow - Payments Subsequent to Measurement Date	285,463
Restated Net Position, July 1, 2014	$ (4,215,555)

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.

NOTE 3: BUDGETARY BASIS OF ACCOUNTING

While the Career Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures/expenses are recorded when paid in cash (budget) rather than when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditure (budget) rather than as a component of restricted, committed or assigned fund balance (GAAP).

4. Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	$ (71,512)
Net Adjustments for Revenue Accruals	(34,861)
Net Adjustments for Expenditure Accruals	53,608
Funds Budgeted Elsewhere**	1,983
Adjustment for Encumbrances	(62,817)
Budget Basis	$ (113,599)

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, unclaimed monies, general trust, rotary/consumer supplies and administrative services funds.

NOTE 4: DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those 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 or by savings or deposit accounts including passbook accounts.

Interim monies to 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 or 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 any other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio and STAR Plus).

7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in any 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 noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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.

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the Career Center's name. During 2015, the Career Center and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a 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 percent 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 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.

At fiscal year-end, the carrying amount of the Career Center's deposits was $147,396, which includes $400 cash on hand. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2015, the Career Center's bank balance of $217,468 was covered by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The Career Center participates in the Jefferson Health Plan for employee benefits. The Career Center has $390,480 representing internal service fund cash and cash equivalents with fiscal agent. All benefit deposits are made to the Consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the Consortium.

Investments

As of June 30, 2015, the Career Center had the following investment and maturity:

Investment Type	Fair Value	Investment Maturity 6 Months or Less
STAR Ohio	$ 673,464	$ 673,464

Credit Risk STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days and carries a rating of AAAm by Standard and Poor's.

Concentration of Credit Risk. The Career Center places no limit on the amount that may be invested in any one issuer. At June 30, 2015, 100 percent of the Career Center's investments were in STAR Ohio.

NOTE 5: PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the Career Center. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Career Center receives property taxes from Coshocton, Guernsey, Licking, Muskingum and Tuscarawas Counties. The County Auditors periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 in the general and bond retirement funds were $79,625 and $1,472, respectively. The amount available for advance at June 30, 2014, in the general and bond retirement funds were $44,764, and $886, respectively. 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
Real Estate	$ 576,873,290	80%	$ 580,220,840	78%
Public Utility Personal Property	146,113,980	20%	167,484,620	22%
Total	$ 722,987,270	100%	$ 747,705,460	100%
Full Tax Rate per $1,000 of assessed valuation	$ 2.50		$ 2.50	

NOTE 6: RECEIVABLES

Receivables at June 30, 2015 consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of the State programs, and the current fiscal year guarantee of Federal funds.

NOTE 7: CAPITAL ASSETS

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

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Governmental Activities				
Capital Assets not being depreciated:				
Land	$ 28,429	$ 0	$ 0	$ 28,429
Capital Assets, being depreciated:				
Land Improvements	319,230	0	0	319,230
Building and Improvements	3,577,234	0	0	3,577,234
Furniture and Equipment	759,721	50,466	(3,636)	806,551
Vehicles	119,231	7,000	(13,790)	112,441
Total Capital Assets, being depreciated	4,775,416	57,466	(17,426)	4,815,456
Less Accumulated Depreciation:				
Land Improvements	(318,196)	(230)	0	(318,426)
Building and Improvements	(2,993,376)	(61,097)	0	(3,054,473)
Furniture and Equipment	(572,965)	(39,747)	3,636	(609,076)
Vehicles	(108,412)	(2,049)	6,895	(103,566)
Total Accumulated Depreciation	(3,992,949)	(103,123) *	10,531	(4,085,541)
Total Capital Assets being depreciated, net	782,467	(45,657)	(6,895)	729,915
Governmental Activities Capital Assets, net	$ 810,896	$ (45,657)	$ (6,895)	$ 758,344

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$ 65,489
Support Services:	
Instructional Staff	10,458
Operation and Maintenance of Plant	25,877
Pupil Transportation	1,299
Total Depreciation Expense	$ 103,123

NOTE 8: RISK MANAGEMENT

A. General Insurance

The Career Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Career Center has a comprehensive property and casualty policy with a deductible of $1,000 per incident on property and equipment. The Career Center's comprehensive property and casualty policy aggregate limit is approximately $3,000,000 (subject to scheduled limits). There is a separate policy covering boiler and machinery with a limit of $17,591,000 and a $1,000 deductible. The Career Center's vehicle insurance policy limit is $1,000,000 with a $500 auto collision deductible. All board members, administrators, and employees are covered under a Career Center liability policy. Additionally, the Career Center carries a $3,000,000 blanket umbrella policy. Settlement claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Fidelity Bond

The Treasurer is covered under a surety bond in the amount of $60,000. In addition, the Career Center is covered by an umbrella policy in the amount of $3,000,000.

C. Workers' Compensation

The Career Center pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per $100 of salaries. The Career Center is a member of Sheakley Uniservice, Inc. This rate is calculated based on accident history and administrative costs.

D. Employee Health Insurance

The Career Center is self-insured for its medical, vision and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. The Career Center is a member of the Jefferson Health Plan, a claims servicing pool, consisting of approximately 90 members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the Career Center's behalf. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of $35,000. Claims above a $35,000 deductible are internally pooled. Claims above $500,000 are covered by stop loss. The claims liability at June 30, 2015, was estimated by the third party administrator to be $39,795. Under generally accepted accounting principles, the Career Center has recorded a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claim liability for 2014 and 2015 are listed below.

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2014	$ 133,110	$ 753,106	$ 835,030	$ 51,186
2015	$ 51,186	$ 608,923	$ 620,314	$ 39,795

NOTE 9: OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. All employees earn three days of personal leave per year. Unused personal leave is accumulated and converted to sick leave. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days must be used within a year, unless Board approval is obtained. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 225 days for all personnel, except for the unused personal leave portion. There is no limit on the accumulation of unused personal leave this is converted to sick leave. Upon completion of ten or more years of service to the Career Center, state, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 54 days for certified employees and 54 days for classified employees.

B. Life Insurance

The Career Center provides life insurance and accidental death and dismemberment insurance to employees through the Jefferson Health Plan. Coverage is provided for all certified and classified employees depending on position, ranging from $20,000 to $75,000.

NOTE 10: DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the 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.

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

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 $67,295 for fiscal year 2015. Of this amount $4,290 is reported as an intergovernmental payable.

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.

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 $219,190 for fiscal year 2015. Of this amount $30,754 is reported as an intergovernmental payable.

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:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	$ 3,846,220	$ 934,453	$ 4,780,673
Proportion of the Net Pension Liability	0.01581280%	0.01846400%	
Pension Expense	$ 150,631	$ 54,166	$ 204,797

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

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 37,028	$ 7,953	$ 44,981
Career Center contributions subsequent to the measurement date	219,190	67,295	286,485
Total Deferred Outflows of Resources	$ 256,218	$ 75,248	$ 331,466
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$ 711,565	$ 151,664	$ 863,229

$286,485 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 fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2016	$ (168,634)	$ (35,928)	$ (204,562)
2017	(168,634)	(35,928)	(204,562)
2018	(168,634)	(35,928)	(204,562)
2019	(168,635)	(35,927)	(204,562)
	$ (674,537)	$ (143,711)	$ (818,248)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	$ 1,333,186	$ 934,453	$ 599,083

Actuarial Assumptions - STRS

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

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

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

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

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

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

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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	$ 5,506,284	$ 3,846,220	$ 2,442,365

NOTE 11: POSTEMPLOYMENT 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.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014, and 2013 were $7,717, $5,698 and $8,580, respectively. For fiscal year 2015, 94 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

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, $16,267, and $15,815, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 12: LONG-TERM OBLIGATIONS

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

	Restated Outstanding Balance 06/30/2014	Additions	Deductions	Outstanding Balance 06/30/2015	Amount Due Within One Year
Governmental Activities:					
General Obligations Bonds:					
H.B. 264 Loan, 3.85%, maturing 2026	$ 220,156	$ 0	$ (18,346)	$ 201,810	$ 18,346
Installment Loan, 4.5%, maturing 2015	9,569	0	(9,569)	0	0
Total General Obligation Bonds	229,725	0	(27,915)	201,810	18,346
Net Pension Liability:					
STRS	4,581,592	0	(735,372)	3,846,220	0
SERS	1,097,995	0	(163,542)	934,453	0
Total Net Pension Liability	5,679,587	0	(898,914)	4,780,673	0
Other Long-Term Obligations:					
Capital Lease	6,901	0	(6,901)	0	0
Compensated Absences	294,880	0	(52,271)	242,609	19,080
Total General Long-Term Obligations	$ 6,211,093	$ 0	$ (986,001)	$ 5,225,092	$ 37,426

During fiscal year 2011, the Career Center entered into a loan for a House Bill 264 project that consisted of various repairs to the school building duct work. The total amount financed for the project was $275,194. The Career Center used $247,672 during fiscal year 2011 and the remaining $27,522 was disbursed during fiscal year 2012. The loan will be paid from property tax revenue in the bond retirement fund.

In fiscal year 1999, the Career Center entered into an agreement with the Coshocton County Commissioners to amortize $100,000 worth of water and sewer line tap-in and other fees over a ten-year period. These amortized costs matured in fiscal year 2015. The present value of $100,000 over 10 years at an incremental borrowing rate of 4.5 percent was $77,381, and this was the amount amortized. Construction was completed in June 2003 and the first payment was due in fiscal year 2006. Loan payments were made from the general fund using foundation revenue.

The Career Center pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the general fund and the food service fund.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2015 are as follows:

Fiscal Year	H.B. 264 Loan 2	
Ending June 30,	Principal	Interest
2016	$ 18,346	$ 7,818
2017	18,346	7,078
2018	18,346	6,388
2019	18,346	5,682
2020	18,346	4,986
2021-2025	91,734	14,272
2026	18,346	768
	$201,810	$46,992

NOTE 13: LEASES

A. Capital Lease

In fiscal year 2010, the Career Center entered into a capital lease for a Xerox work center. The Career Center's lease obligation meets the criteria of a capital leases as it transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund on the basic financial statements. Capital assets acquired by lease have been capitalized at a cost of $33,790. The lease was paid in full in fiscal year 2015.

B. Operating Lease

The Career Center leases four photocopier machines and a Pitney Bowes system under noncancelable leases. The Career Center disbursed $11,011 to pay lease costs for the fiscal year ended June 30, 2015. Future lease payments are as follows:

Fiscal Year Ending June 30,	Amount
2016	$ 12,272
2017	12,468
2018	10,609
2019	9,038
2020	723
	$ 45,110

NOTE 14: FUND BALANCE

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

	General	Other Governmental Funds	Total
Nonspendable for:			
Inventory	$ 13,093	$ 0	$ 13,093
Restricted for:			
Capital Projects	0	3,700	3,700
Other Purposes	0	50,979	50,979
Set Aside	4,622	0	4,622
Total Restricted	4,622	54,679	59,301
Committed for:			
Debit Service	0	17,316	17,316
Assigned for:			
Student Instruction	18,120	0	18,120
Student and Staff Support	21,990	0	21,990
Subsequent Year Appropriations	320,419	0	320,419
Other Purposes	3,257	0	3,257
Total Assigned	363,786	0	363,786
Unassigned	77,042	(753) *	76,289
Total Fund Balance	$ 458,543	$ 71,242	$ 529,785

* Unassigned fund balance included the $753 individual fund deficit in the vocational education fund. The deficit in this governmental fund resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in this fund and will provide transfers when cash is required, not when accruals occur.

NOTE 15: SET-ASIDES

The Career Center is required by State Statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Capital Improvement Reserve
Set-aside Reserve Balance as of June 30, 2014	$ 0
Current Year Set Aside Requirement	35,628
Current Year Qualifying Expenditures	(31,006)
Total	$ 4,622
Balance Carried Forward to Fiscal Year 2016	$ 4,622
Set Aside Reserve Balance as of June 30, 2015	$ 4,622

NOTE 16: JOINTLY GOVERNED ORGANIZATION

Ohio Mid-Eastern Regional Educational Services Association (OME-RESA) OME-RESA is a jointly governed organization comprised of 52 schools, created as a regional council of governments pursuant to state statute. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member Career Centers. Each of the governments of these Career Centers support OME-RESA based on a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating Career Center and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating Career Centers are located. During fiscal year 2015, the Career Center paid $13,935 in administrative fees to OME-RESA. Financial information can be obtained by contacting the Treasurer at the Jefferson County Education Services Center, which serves as fiscal agent, located in Steubenville, Ohio.

NOTE 17: CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2015.

B. Litigation

The Career Center is not party to any claims or lawsuits that would have a material effect on the basic financial statements.

C. Career Center Funding

Career Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, 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.

NOTE 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 fiscal year end, the Career Center's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	$ 40,110
Other Governmental	38,961
Total Governmental Funds	$ 79,071

NOTE 19: SUBSEQUENT EVENTS

On May 5, 2015, the Career Center passed a 1 mill permanent improvement levy. Permanent improvement levies will be used to pay for construction, building maintenance and other improvements to the Career Center. Permanent improvement property tax levies will begin to be collected and distributed to the Career Center in calendar year 2016.

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Coshocton County Career Center
Coshocton County, Ohio
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years (1)

	2015	2014
State Teachers Retirement System (STRS)		
Career Center's proportion of the net pension liability	0.01581280%	0.01581280%
Career Center's proportionate share of the net pension liability	$ 3,846,220	$ 4,581,592
Career Center's covered-employee payroll	$ 1,626,662	$ 1,581,500
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	236.45%	289.70%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%
School Employees Retirement System (SERS)		
Career Center's proportion of the net pension liability	0.01846400%	0.01846400%
Career Center's proportionate share of the net pension liability	$ 934,453	$ 1,097,995
Career Center's covered-employee payroll	$ 533,889	$ 585,816
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	175.03%	187.43%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

(1) Information prior to 2014 is not available.

Note: Information is presented by fiscal year reported and not by the measurement date.

Coshocton County Career Center
Coshocton County, Ohio
Required Supplementary Information
Schedule of Career Center Contributions
Last Ten Fiscal Years

	2015	2014	2013	2012
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 219,190	$ 211,466	$ 205,595	$ 255,354
Contributions in Relation to the Contractually Required Contribution	(219,190)	(211,466)	(205,595)	(255,354)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Career Center's covered-employee payroll	$ 1,565,643	$ 1,626,662	$ 1,581,500	$ 1,964,262
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%
School Employees Retirement System (SERS)				
Contractually required contribution	$ 67,295	$ 73,997	$ 81,077	$ 70,558
Contributions in relation to the contractually required contribution	(67,295)	(73,997)	(81,077)	(70,558)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
Career Center's covered-employee payroll	$ 510,584	$ 533,889	$ 585,816	$ 524,595
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
$ 222,825	$ 225,115	$ 238,050	$ 250,090	$ 239,524	$ 242,719
(222,825)	(225,115)	(238,050)	(250,090)	(239,524)	(242,719)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,714,038	$ 1,731,654	$ 1,831,154	$ 1,923,769	$ 1,842,492	$ 1,867,069
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$ 67,760	$ 63,517	$ 44,904	$ 73,582	$ 74,045	$ 79,390
(67,760)	(63,517)	(44,904)	(73,582)	(74,045)	(79,390)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 539,061	$ 469,106	$ 456,341	$ 749,308	$ 693,305	$ 750,378
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

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

Coshocton County Career Center
Coshocton County
23640 Airport Road
Coshocton, Ohio 43812

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 the Coshocton County Career Center, Coshocton 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 and have issued our report thereon dated March 31, 2017, wherein we noted the Career Center adopted Governmental Accounting Standards 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*.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 31, 2017

COSHOCTON COUNTY CAREER CENTER

COSHOCTON 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
APRIL 13, 2017