



**EASTLAND FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2015



Dave Yost • Auditor of State

**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Eastland Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Eastland Fairfield Career & Technical Schools, Franklin County, Ohio (the School), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School'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 School'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 School'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 business-type activities, each major fund, and the aggregate remaining fund information of Eastland Fairfield Career & Technical Schools, Franklin County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective 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 20 to the financial statements, during the year ended June 30, 2015, the Government 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.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2016, on our consideration of the School'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 School's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2016

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**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Eastland-Fairfield Career & Technical Schools' (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- The School District's assets and deferred outflows of resources of its governmental activities exceeded its liabilities plus deferred inflows of resources at June 30, 2015 by \$14,993,604.
- The School District's net position of governmental activities increased \$1,279,152, which represents a 9.3 percent increase from the prior year's net position.
- General revenues of governmental activities accounted for \$19,566,281 in revenue or 88 percent of governmental activities revenues. Program specific revenues of governmental activities in the form of charges for services and sales, grants and contributions accounted for \$2,689,017 or 12 percent of total revenues of \$22,255,298.
- The School District had \$20,976,146 in expenses related to governmental activities; only \$2,689,017 of these expenses were offset by program specific charges for services and sales, grants, or contributions.

Business-Type Activities:

- The School District's assets plus deferred outflows of resources of its business-type activities exceeded its liabilities plus deferred inflows of resources at June 30, 2015 by \$1,438,310.
- The School District's net position of business-type activities increased \$459,478, which represents a 46.9 percent increase from prior year's net position.
- General revenues of business-type activities accounted for \$9,204 in revenue or less than 1 percent of business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,214,173 or more than 99 percent of total revenues of \$2,223,377.
- The School District had \$1,763,899 in expenses related to adult and community education; all of these expenses were offset by program specific charges for services and sales, and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the School District's financial situation as a whole and also give a detailed view of its financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

The fund financial statements also look at the School District's major governmental fund with all other non-major funds presented in total in one column. The major governmental fund of the School District is the General Fund. The other major fund for the School District is the Adult Education Enterprise Fund.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the School District's overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities.** Some of the School District's programs and services that are reported here include instruction, support services, non-instructional services, and extracurricular activities.
- **Business-Type Activities.** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's adult education program is reported as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 12. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's only major funds are the General Fund and the Adult Education Enterprise Fund.

Governmental Funds. Most of the School District'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 the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS (Continued)

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

Fiduciary Funds. The School District's fiduciary funds are agency funds. The School District's fiduciary funds are reported in a separate Statement of Fiduciary Assets and Liabilities. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

	2015	2014*	2015	2014*	2015	2014*
Assets:						
Current and Other Assets	\$ 33,329,064	\$ 33,452,658	\$ 3,713,773	\$ 3,349,650	\$37,042,837	\$36,802,308
Capital Assets, Net	24,424,741	23,974,053	391,650	319,941	24,816,391	24,293,994
Total Assets	57,753,805	57,426,711	4,105,423	3,669,591	61,859,228	61,096,302
Deferred Outflows of Resources:						
Pensions	1,813,395	1,495,403	167,569	136,152	1,980,964	1,631,555
	1,813,395	1,495,403	167,569	136,152	1,980,964	1,631,555
Liabilities:						
Current and Other Liabilities	2,535,958	2,583,568	92,510	88,366	2,628,468	2,671,934
Non-Current Liabilities						
Due within one year	934,510	951,599	25,791	21,548	960,301	973,147
Due in More Than One Year:						
Net Pension Liability	24,339,849	28,901,770	2,273,471	2,701,991	26,613,320	31,603,761
Other Amounts	2,860,346	3,250,022	19,253	15,006	2,879,599	3,265,028
Total Liabilities	30,670,663	35,686,959	2,411,025	2,826,911	33,081,688	38,513,870
Deferred Inflows of Resources:						
Pensions	4,490,460	-	423,657	-	4,914,117	-
Property Taxes not Levied to Finance Current Year Operations	9,412,473	9,520,704	-	-	9,412,473	9,520,704
	13,902,933	9,520,704	423,657	-	14,326,590	9,520,704
Net Position:						
Net Investment in Capital Assets	21,874,407	21,066,346	391,650	319,941	22,266,057	21,386,287
Restricted	20,409	466,297	-	-	20,409	466,297
Unrestricted	(6,901,212)	(7,818,192)	1,046,660	658,891	(5,854,552)	(7,159,301)
Total Net Position	\$ 14,993,604	\$ 13,714,451	\$ 1,438,310	\$ 978,832	\$16,431,914	\$14,693,283

*As restated – see Note 20

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Total net position of the School District as a whole increased \$1,738,630. The increase to total assets of \$762,926 was due primarily to an increase in capital assets which was due to additions exceeding current year depreciation and deletions, in addition to, an increase in cash on hand for the business-type activities. Deferred outflows of resources increased due primarily to increases in pension payments in 2015 which are recognized as deferred outflows of resources. Current and other liabilities remained steady from 2015 to 2014. The decrease to other amounts due in more than one year is primarily due to a decrease in compensated absences payable which was partially offset by the debt principal payment. Deferred inflows of resources increased due to the implementation of GASB 68 which increased deferred inflows of resources related to pensions.

During 2015, the School District 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 School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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 School District'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 School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. 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.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

THE SCHOOL DISTRICT AS A WHOLE (Continued)

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

As a result of implementing GASB 68 and GASB 71, the School District 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 for governmental activities at June 30, 2014, from \$41,120,818 to \$13,714,452 and for business-type activities at June 30, 2014 from \$3,544,671 to \$978,832.

Governmental Activities

Table 2 shows the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

Table 2
Changes in Net Position for Governmental Activities

	2015	2014
Revenues		
Program Revenues:		
Charges for Services and Sales	\$777,009	\$788,428
Operating Grants and Contributions	1,912,008	1,866,649
Total Program Revenues	2,689,017	2,655,077
General Revenues:		
Property Taxes	12,921,402	13,286,808
Grants and Entitlements not Restricted	6,193,392	5,753,183
Gifts and Donations not Restricted	60,724	15,336
Investment Earnings	205,475	63,501
Miscellaneous	185,288	73,962
Total General Revenues	19,566,281	19,192,790
Total Revenues	22,255,298	21,847,867
Program Expenses		
Instruction		
Regular	3,821,670	3,814,895
Special	801,485	999,155
Career and Technical	7,273,556	7,190,794
Adult/Continuing	323,843	314,755
Other	238,963	314,161
Support Services		
Pupil	1,020,047	934,294
Instructional Staff	454,142	422,259
Board of Education	32,836	32,560
Administration	2,002,775	1,956,915
Fiscal	771,638	856,074
Operation & Maintenance of Plant	2,503,330	2,708,464
Pupil Transportation	61,723	57,016
Central	1,070,822	985,087
Non-Instructional Services	403,131	451,710
Extracurricular Activities	116,171	81,092
Interest & Fiscal Charges	80,014	87,871
Total Expenses	20,976,146	21,207,102
Change in Net Position	1,279,152	640,765
Net Position at Beginning of Year	13,714,452	N/A
Net Position at End of Year	14,993,604	\$13,714,452

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities (Continued)

The increase in Grants and Entitlements not Restricted is due to increase in foundation revenue. The decrease in Special Instruction, Other Instruction, and Fiscal Support Services was due to staffing changes – primarily attrition. The increase in Pupil Support Services was due to creation of additional positions. Extracurricular activities increased due to the cost for national competitions and leadership conferences in co-curricular activities.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses for governmental activities still include pension expense of \$1,495,404 governmental activities and \$136,152 for business-type activities 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 governmental activities statements report pension expense of \$1,195,943 and the 2015 business type activities report pension expense of \$109,827. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$20,976,146	\$1,763,899
Pension expense under GASB 68	(1,195,943)	(109,827)
2015 contractually required contribution	1,585,396	146,107
Adjusted 2015 program expenses	21,365,599	1,800,179
Total 2014 program expenses under GASB 27	21,207,102	1,746,680
Increase in program expenses not related to pension	\$158,497	\$53,499

Property taxes comprised 58 percent of revenues for governmental activities of the School District for fiscal year 2015 and represent the largest source of revenue.

General revenue grants and entitlements comprised 28 percent of revenue for governmental activities during 2015.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 59 percent of governmental program expenses with support services comprising 37 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District.

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.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities (Continued)

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$12,459,517	\$11,073,504	\$12,633,760	\$11,129,260
Support Services	7,917,313	6,858,842	7,952,669	6,805,413
Non-instructional Services	403,131	162,321	451,710	450,865
Extracurricular Activities	116,171	112,555	81,092	78,645
Interest and Fiscal Charges	80,014	79,907	87,871	87,842
Total Expenses	\$20,976,146	\$18,287,129	\$21,207,102	\$18,552,025

Business-Type Activities

Table 4 shows the changes in net position for the fiscal years ended June 30, 2015 and June 30, 2014.

Table 4
Change in Net Position for Business-Type Activities

	2015	2014
Revenues		
Program Revenues:		
Charges for Services and Sales	\$1,682,631	\$1,779,582
Operating Grants and Contributions	531,542	461,450
Total Program Revenues	2,214,173	2,241,032
General Revenues:		
Other	9,204	10,200
Total General Revenues	9,204	10,200
Total Revenues	2,223,377	2,251,232
Program Expenses	1,763,899	1,746,680
Increase in Net Position	459,478	504,552
Net Position at Beginning of Year	978,832	N/A
Net Position at End of Year	\$1,438,310	\$978,832

Business-type activities are comprised of adult and community education. The adult education program has two components: community education programs and after school programs. Charges for services and sales decreased due to decreased tuition and fees. Program expenses remained consistent with prior year.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major governmental fund begins on page 17. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$22,938,783 and expenditures and other financing uses of \$22,422,254. The General Fund balance increased \$966,496, due to increased tax revenue and reduced expenses.

Business-type activity funds are accounted for using the full accrual basis of accounting. The Adult Education Fund is the School District's only business-type activity funds, which had total operating and nonoperating revenues of \$2,223,377 and expenses of \$1,763,899. The Adult Education Fund net position increased \$459,478. This was a result of revenues exceeding expenses.

The School District's budget is adopted on a fund basis. Periodically, the Board adopts the five year forecast, which provides subtotals of expenditures by object level. The five year forecast is adopted when the temporary appropriation measure, permanent appropriation measure and tax budget are adopted.

During 2015, there were several revisions made to the General Fund budget. Total estimated revenues increased \$284,580 from original to final due to an increase in expected intergovernmental revenues. Actual revenues increased \$201,747 over estimated revenues due to the refund of prior year advance payments to the general fund. Total estimated appropriations decreased from the original to the final by \$223,300 due to personnel adjustments for salaries and fringe benefits. Final appropriations were greater than actual expenditures due to a practice of the District to base the budget on the prior year's budget and not the prior year's expenditures. This removes any notion of being penalized in future years for not spending budgeted funds in a current year. The School District's ending un-obligated cash balance was \$1,005,844 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the School District had \$24,816,391 invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows the fiscal year 2015 balances compared to 2014. For additional information regarding capital assets please see Note 7 to the basic financial statements.

Table 5
Capital Assets
(Net of Accumulated Depreciation)

<i>Governmental Activities:</i>	2015	2014*
Land	\$449,800	\$449,800
Construction in Progress	46,434	156,711
Buildings and Improvements	21,499,409	20,894,031
Furniture and Equipment	2,370,631	2,397,628
Vehicles	58,467	75,883
Subtotal	24,424,741	23,974,053
<i>Business-Type Activities:</i>		
Furniture and Equipment	21,701	33,173
Buildings and Improvements	369,949	286,768
Subtotal	391,650	319,941
Totals	\$24,816,391	\$24,293,994

* 2014 balances were reclassified to conform to the 2015 presentation. There was no effect on net position.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Changes in capital assets from the prior year resulted from additions, deletions and depreciation.

Debt

At June 30, 2015, the School District had outstanding long-term debt. Table 6 summarizes bonds and capital lease obligations outstanding at year end:

Table 6
Outstanding Bonds and Notes at Year End
Governmental Activities

	2015	2014
Capital Improvement Bonds	\$2,450,000	\$2,800,000
Capital Lease	\$53,600	66,069

For additional information regarding long term obligations, please see Note 12 to the basic financial statements.

ECONOMIC FACTORS

This is the second year of the new biennium (HB 59). For state funding, HB 59 returns to the formula with an overall guarantee and an overall cap (minimums and maximums). The District remained on the guarantee for 2014. As of the date of this report, the Ohio Department of Education has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. Projections for 2015 reflect the District again being paid from the formula, due to increased enrollment, an increase in the per-pupil funding amount, and the decrease in assessed valuation. The District serves the six counties of Franklin, Fairfield, Pickaway, Hocking, Licking, and Perry. Unfortunately, an unprecedented decrease in appraisal values occurred, due to the housing market changes that began in 2008 and the reappraisals that took place reflecting the changes. The benefit of the full 2.0 mills that had been experienced during the prior years saw a full decrease, as no "buffer" exists between voted and effective millage, so the District saw the full 2.0 mill impact on the appraisal decreases, making fiscal year 2013 revenues similar to FY 2006. Fiscal years 2014 and 2015 finished the year with a slight increases, compared to fiscal year 2013.

The District continues to look at cost restructuring and cost reductions to operate within the combination of School District's existing cash balance and revenues. Although the last levy passage was February 1998, the School District is making every effort to continue to operate within the 2 mills.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial situation and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dawn Lemley, Treasurer, Eastland-Fairfield Career & Technical Schools, 4300 Amalgamated Place, Groveport, Ohio 43125-0419.

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**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	\$ 19,299,474	\$ 3,511,299	\$ 22,810,773
Receivables:			
Taxes	13,684,661	-	13,684,661
Accounts	34,651	194,098	228,749
Interest	10,088	-	10,088
Intergovernmental	162,563	-	162,563
Prepaid Items	137,627	8,376	146,003
Non-Depreciable Capital Assets	496,234	-	496,234
Capital Assets, Net	23,928,507	391,650	24,320,157
<i>Total Assets</i>	<u>\$ 57,753,805</u>	<u>\$ 4,105,423</u>	<u>\$ 61,859,228</u>
Deferred Outflows of Resources			
Pensions:			
State Teachers Retirement System	1,338,340	135,697	1,474,037
School Employees Retirement System	475,055	31,872	506,927
<i>Total Deferred Outflows of Resources</i>	<u>1,813,395</u>	<u>167,569</u>	<u>1,980,964</u>
Liabilities			
Accounts Payable	129,063	29,938	159,001
Accrued Wages and Benefits	1,540,536	45,550	1,586,086
Claims Payable	495,658	-	495,658
Contracts Payable	46,434	-	46,434
Accrued Interest Payable	6,023	-	6,023
Matured Compensated Absences Payable	9,660	-	9,660
Intergovernmental Payable	308,584	17,022	325,606
Non-Current Liabilities:			
Due Within One Year	934,510	25,791	960,301
Due in More Than One Year			
Net Pension Liability (See Note 9)	24,339,849	2,273,471	26,613,320
Other Amounts Due in More Than One Year	2,860,346	19,253	2,879,599
<i>Total Liabilities</i>	<u>30,670,663</u>	<u>2,411,025</u>	<u>33,081,688</u>
Deferred Inflows of Resources			
Pensions:			
State Teachers Retirement System	3,568,028	361,770	3,929,798
School Employees Retirement System	922,432	61,887	984,319
Property Taxes Not Levied to Finance Current Year Operations	9,412,473	-	9,412,473
<i>Total Deferred Inflows of Resources</i>	<u>13,902,933</u>	<u>423,657</u>	<u>14,326,590</u>
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>44,573,596</u>	<u>2,834,682</u>	<u>47,408,278</u>
Net Position			
Net Investment in Capital Assets	21,874,407	391,650	22,266,057
Restricted for:			
Capital Outlay	12,400	-	12,400
Other Purposes	8,009	-	8,009
Unrestricted	(6,901,212)	1,046,660	(5,854,552)
<i>Total Net Position</i>	<u>\$ 14,993,604</u>	<u>\$ 1,438,310</u>	<u>\$ 16,431,914</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	\$ 3,821,670	\$ 112,515	\$ 70,798	\$ (3,638,357)	\$ -	\$ (3,638,357)
Special	801,485	21,492	546,242	(233,751)	-	(233,751)
Career and Technical	7,273,556	186,427	29,487	(7,057,642)	-	(7,057,642)
Adult/Continuing	323,843	2,451	291,263	(30,129)	-	(30,129)
Other	238,963	-	125,338	(113,625)	-	(113,625)
Support Services:						
Pupil	1,020,047	19,943	298,534	(701,570)	-	(701,570)
Instructional Staff	454,142	9,213	118,998	(325,931)	-	(325,931)
Board of Education	32,836	962	23,579	(8,295)	-	(8,295)
Administration	2,002,775	57,246	-	(1,945,529)	-	(1,945,529)
Fiscal	771,638	23,918	-	(747,720)	-	(747,720)
Operation and Maintenance of Plant	2,503,330	67,678	316,437	(2,119,215)	-	(2,119,215)
Pupil Transportation	61,723	1,598	-	(60,125)	-	(60,125)
Central	1,070,822	29,033	91,332	(950,457)	-	(950,457)
Non-Instructional Services	403,131	240,810	-	(162,321)	-	(162,321)
Extracurricular Activities	116,171	3,616	-	(112,555)	-	(112,555)
Interest and Fiscal Charges	80,014	107	-	(79,907)	-	(79,907)
Total Governmental Activities	<u>20,976,146</u>	<u>777,009</u>	<u>1,912,008</u>	<u>(18,287,129)</u>	<u>-</u>	<u>(18,287,129)</u>
Business-Type Activities						
Adult and Community Education	<u>1,763,899</u>	<u>1,682,631</u>	<u>531,542</u>	<u>-</u>	<u>450,274</u>	<u>450,274</u>
Total Business-Type Activities	<u>1,763,899</u>	<u>1,682,631</u>	<u>531,542</u>	<u>-</u>	<u>450,274</u>	<u>450,274</u>
Total All Activities	<u>\$ 22,740,045</u>	<u>\$ 2,459,640</u>	<u>\$ 2,443,550</u>	<u>\$ (18,287,129)</u>	<u>\$ 450,274</u>	<u>\$ (17,836,855)</u>
General Revenues						
Property Taxes Levied for:						
General Purposes				12,921,402	-	12,921,402
Grants and Entitlements not Restricted to Specific Programs				6,193,392	-	6,193,392
Gifts and Donations not Restricted to Specific Programs				60,724	-	60,724
Investment Earnings				205,475	-	205,475
Miscellaneous				185,288	9,204	194,492
Total General Revenues				<u>19,566,281</u>	<u>9,204</u>	<u>19,575,485</u>
Change in Net Position				1,279,152	459,478	1,738,630
<i>Net Position Beginning of Year (As Restated - See Note 20)</i>				<u>13,714,452</u>	<u>978,832</u>	<u>14,693,284</u>
<i>Net Position End of Year</i>				<u>\$ 14,993,604</u>	<u>\$ 1,438,310</u>	<u>\$ 16,431,914</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Investments	\$ 17,956,818	\$ 155,145	\$ 18,111,963
Receivables:			
Taxes	13,684,661	-	13,684,661
Accounts	34,651	-	34,651
Interest	10,088	-	10,088
Intergovernmental Receivable	49,120	113,443	162,563
Interfund Receivable	230,443	-	230,443
Prepaid Items	136,435	1,192	137,627
<i>Total Assets</i>	<u><u>\$32,102,216</u></u>	<u><u>\$269,780</u></u>	<u><u>\$32,371,996</u></u>
Liabilities			
Accounts Payable	\$ 128,820	\$ 243	\$ 129,063
Contracts Payable	46,434	-	46,434
Accrued Wages and Benefits	1,435,194	105,342	1,540,536
Matured Compensated Absences Payable	9,660	-	9,660
Interfund Payable	-	230,443	230,443
Intergovernmental Payable	284,370	24,214	308,584
<i>Total Liabilities</i>	<u><u>1,904,478</u></u>	<u><u>360,242</u></u>	<u><u>2,264,720</u></u>
Deferred Inflows of Resources			
Property Taxes not Levied to Finance Current Year Operations	9,412,473	0	9,412,473
Unavailable Revenue - Delinquent Taxes	759,661	0	759,661
Unavailable Revenue - Interest	9,951	0	9,951
<i>Total Deferred Inflows of Resources</i>	<u><u>10,182,085</u></u>	<u><u>0</u></u>	<u><u>10,182,085</u></u>
Fund Balances			
Nonspendable	136,435	1,192	137,627
Restricted	-	23,731	23,731
Assigned	5,901,186	-	5,901,186
Unassigned	13,978,032	(115,385)	13,862,647
<i>Total Fund Balances</i>	<u><u>20,015,653</u></u>	<u><u>(90,462)</u></u>	<u><u>19,925,191</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 32,102,216</u></u>	<u><u>\$ 269,780</u></u>	<u><u>\$ 32,371,996</u></u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

Total Governmental Fund Balances		\$ 19,925,191
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.		24,424,741
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Interest	9,951	
Taxes	<u>759,661</u>	
Total		769,612
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		691,853
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 the funds.		
Deferred outflows of resources related to pensions	1,813,395	
Deferred inflows of resources related to pensions	(4,490,460)	
Net Pension Liability	<u>(24,339,849)</u>	
Total		(27,016,914)
Long-term liabilities, including bonds, capital lease obligations, accrued interest, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(6,023)	
Compensated Absences	(1,291,256)	
School Improvement and Construction Bonds	(2,450,000)	
Capital Lease Obligations	<u>(53,600)</u>	
Total		<u>(3,800,879)</u>
Net Position of Governmental Activities		<u><u>\$ 14,993,604</u></u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**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			
Taxes	\$ 13,074,266	\$ -	\$ 13,074,266
Tuition and Fees	354,299	-	354,299
Earnings on Investments	208,658	-	208,658
Intergovernmental	6,669,678	1,435,722	8,105,400
Charges for Services	165,970	239,926	405,896
Rentals	16,814	-	16,814
Gifts and Donations	60,724	-	60,724
Other	184,055	1,233	185,288
<i>Total Revenues</i>	<u>20,734,464</u>	<u>1,676,881</u>	<u>22,411,345</u>
Expenditures			
Current:			
Instruction:			
Regular	3,682,050	80,555	3,762,605
Special	699,038	85,113	784,151
Career and Technical	6,144,628	33,551	6,178,179
Adult/Continuing	-	331,406	331,406
Other	90,428	126,981	217,409
Support Services:			
Pupil	663,567	372,452	1,036,019
Instructional Staff	302,937	134,746	437,683
Board of Education	30,893	-	30,893
Administration	1,900,739	26,829	1,927,568
Fiscal	791,888	-	791,888
Operation and Maintenance of Plant	2,218,006	-	2,218,006
Pupil Transportation	52,835	-	52,835
Central	921,983	104,003	1,025,986
Extracurricular Activities	116,171	-	116,171
Non-Instructional Services	34,269	372,962	407,231
Capital Outlay	1,575,192	558,250	2,133,442
Debt Service:			
Principal	12,469	350,000	362,469
Interest	3,437	77,438	80,875
<i>Total Expenditures</i>	<u>19,240,530</u>	<u>2,654,286</u>	<u>21,894,816</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,493,934	(977,405)	516,529
Other Financing Sources (Uses)			
Transfers In	-	527,438	527,438
Transfers Out	(527,438)	-	(527,438)
<i>Total Other Financing Sources (Uses)</i>	<u>(527,438)</u>	<u>527,438</u>	<u>0</u>
Net Change in Fund Balances	966,496	(449,967)	516,529
Fund Balances at Beginning of Year	<u>19,049,157</u>	<u>359,505</u>	<u>19,408,662</u>
Fund Balances at End of Year	<u>\$ 20,015,653</u>	<u>\$ (90,462)</u>	<u>\$ 19,925,191</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

Net Change in Fund Balances - Total Governmental Funds		\$ 516,529
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 capital asset additions exceeded depreciation in the current period.		
Capital Asset Additions	2,133,442	
Current Year Depreciation	<u>(1,676,863)</u>	
Total		456,579
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.		
Loss on Disposal of Capital Assets	<u>(5,891)</u>	
Total		(5,891)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(152,864)	
Interest	<u>(3,183)</u>	
Total		(156,047)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		
		350,000
Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position and does not result in an expense in the Statement of Activities.		
		12,469
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.		
		(329,096)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,585,395
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,195,943)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in Compensated Absences	44,296	
Decrease in Interest Payable	<u>861</u>	
Total		<u>45,157</u>
Change in Net Position of Governmental Activities		<u>\$ 1,279,152</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Sources	\$ 19,939,520	\$ 20,224,100	\$ 20,425,847	\$ 201,747
Total Expenditures and Other Uses	<u>22,201,406</u>	<u>21,978,106</u>	<u>21,174,009</u>	<u>804,097</u>
Net Change in Fund Balance	(2,261,886)	(1,754,006)	(748,162)	1,005,844
Fund Balance, July 1	15,915,903	15,915,903	15,915,903	-
Prior Year Encumbrances Appropriated	<u>1,168,532</u>	<u>1,168,532</u>	<u>1,168,532</u>	<u>-</u>
Fund Balance, June 30	<u>\$ 14,822,549</u>	<u>\$ 15,330,429</u>	<u>\$ 16,336,273</u>	<u>\$ 1,005,844</u>

The notes to the basic financial statements are an intergral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Assets		
Current Assets:		
Equity in Pooled Cash and Investments	\$ 3,511,299	\$ 1,187,511
Accounts Receivable	194,098	-
Prepaid Items	8,376	-
<i>Total Current Assets</i>	3,713,773	1,187,511
Noncurrent Assets:		
Capital Assets, net	391,650	-
<i>Total Non Current Assets</i>	391,650	-
<i>Total Assets</i>	<u>4,105,423</u>	<u>1,187,511</u>
Deferred Outflows of Resources		
Pensions:		
State Teachers Retirement System	135,697	-
School Employees Retirement System	31,872	-
<i>Total Deferred Outflows of Resources</i>	167,569	-
Liabilities		
Current Liabilities:		
Accounts Payable	29,938	-
Accrued Wages and Benefits	45,550	-
Claims Payable	-	495,658
Intergovernmental Payable	17,022	-
Total Current Liabilities	<u>92,510</u>	<u>495,658</u>
Non-Current Liabilities:		
Due Within One Year	25,791	-
Net Pension Liability	2,273,471	-
Other Amounts Due in More Than One Year	19,253	-
Total Non-Current Liabilities	<u>2,318,515</u>	<u>-</u>
<i>Total Liabilities</i>	<u>2,411,025</u>	<u>495,658</u>
Deferred Inflows of Resources		
Pensions:		
State Teachers Retirement System	361,770	-
School Employees Retirement System	61,887	-
<i>Total Deferred Inflows of Resources</i>	423,657	-
Net Position		
Net Investment in Capital Assets	391,650	-
Unrestricted	1,046,660	691,853
<i>Total Net Position</i>	<u>\$ 1,438,310</u>	<u>\$ 691,853</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Operating Revenues		
Tuition and Fees	\$ 1,663,281	\$ -
Charges for Services	19,350	2,110,977
Miscellaneous	1,384	-
<i>Total Operating Revenues</i>	<u>1,684,015</u>	<u>2,110,977</u>
Operating Expenses		
Salaries and Wages	978,066	-
Fringe Benefits	236,165	-
Purchased Services	245,733	500,895
Claims	-	1,939,178
Materials and Supplies	244,679	-
Depreciation Expense	46,798	-
Miscellaneous	6,906	-
<i>Total Operating Expenses</i>	<u>1,758,347</u>	<u>2,440,073</u>
Operating Income (Loss)	(74,332)	(329,096)
Nonoperating Revenues (Expenses)		
Intergovernmental Revenues	531,542	-
Other	7,820	-
Loss on Disposal of Capital Assets	(5,552)	-
<i>Total Nonoperating Revenues (Expenses)</i>	<u>533,810</u>	<u>-</u>
Changes in Net Position	459,478	(329,096)
Net Position at Beginning of Year	<u>978,832</u>	<u>1,020,949</u>
Net Position at End of Year	<u>\$ 1,438,310</u>	<u>\$ 691,853</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
<i>Cash Flows from Operating Activities:</i>		
Cash Received from Transaction with Other Funds	\$ -	\$ 2,110,977
Cash Received from Other Operating Sources	1,384	-
Cash Received from Tuition Payments and Charges for Services	1,746,804	-
Cash Payments to Suppliers for Services	(480,005)	(500,895)
Cash Payments to Employees for Services and Benefits	(1,256,271)	-
Cash Payments for Claims	-	(1,921,412)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>11,912</u>	<u>(311,330)</u>
<i>Cash Flows from Noncapital Financing Activities:</i>		
Intergovernmental	531,542	-
Other non-operating sources	7,820	-
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>539,362</u>	<u>-</u>
<i>Cash Flows from Capital and Related Financing Activities:</i>		
Payments for Capital Acquisitions	(124,059)	-
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(124,059)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	427,215	(311,330)
Cash and Cash Equivalents at Beginning of Year	<u>3,084,084</u>	<u>1,498,841</u>
Cash and Cash Equivalents at End of Year	<u>\$ 3,511,299</u>	<u>\$ 1,187,511</u>
<i>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</i>		
Operating Income (Loss)	\$ (74,332)	\$ (329,096)
Depreciation Expense	46,798	-
Pension Expense Not Affecting Cash	(36,280)	-
<i>Changes in Assets and Liabilities:</i>		
Decrease in Accounts Receivable	64,173	-
Increase in Prepaid Items	(1,081)	-
Increase in Accounts Payable	17,313	-
Decrease in Accrued Wages and Benefits	(3,502)	-
Increase in Compensated Absences	8,490	-
Decrease in Intergovernmental Payable	(9,667)	-
Increase in Claims Payable	-	17,766
Total Adjustments	<u>86,244</u>	<u>17,766</u>
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$ 11,912</u>	<u>\$ (311,330)</u>

The notes to the basic financial statements are an integral part of this statement.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUND
AS OF JUNE 30, 2015**

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 86,176</u>
<i>Total Assets</i>	<u><u>\$ 86,176</u></u>
Liabilities	
Due to Students	<u>\$ 86,176</u>
<i>Total Liabilities</i>	<u><u>\$ 86,176</u></u>

The notes to the basic financial statements are an integral part of this statement.

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**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Eastland-Fairfield Career & Technical Schools (the School District) is a career-technical school district organized under section 3311.18 of the Ohio Revised Code. The School District provides career-technical education for 16 (15 statute and one contracted) school districts serving a student population of 1,357 plus an additional 929 served by IT Foundation programs throughout 700 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking and Perry Counties. A nine-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 and a 0.8 mill continuing operating levy passed in 1998, both for an assessed valuation of over \$7.3 billion tax duplicate. In addition, the School District receives funds from the State of Ohio Career and Technical School Foundation Program. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interest of students.

Reporting Entity

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District consists of nine appointed members as follows: five from the Educational Service Center of Central Ohio and the Fairfield County Educational Service Center, and one each from the Teays Valley Local School District, Whitehall City School District, Gahanna-Jefferson City School District, and Reynoldsburg City School District. The Educational Service Center of Central Ohio and Fairfield County Educational Service Center switch the 3-2 split of the five members in January of every fourth year. For the first half of fiscal year 2015 the split was 2 from the Educational Service Center of Central Ohio (ESCCO) and 3 from Fairfield County Educational Service Center. For the second half of fiscal year 2015 the split was 3 from the Educational Service Center of Central Ohio (ESCCO) and 2 from Fairfield County Educational Service Center. No school district appoints a voting majority of the Board. None of the school districts that appoint Board Members are financially accountable for the School District.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, adult continuing education and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Currently, the School District does not have any component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the City of Groveport and participating local and city school districts.

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. This organization is presented in Note 16 to the basic financial statements.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

General Fund

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

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Proprietary Fund Type

Proprietary fund reporting focuses on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District has one enterprise fund and one internal service fund.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Adult Education Fund

This fund accounts for educational opportunities offered on a tuition basis to adults living within the community. The main source of revenue for the Adult Education Fund is tuition and fees.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee medical and dental claims.

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. The School District's fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's agency funds are used to account for student-managed activities and account for Pell and Stafford grant proceeds and disbursements to various students within the School District.

Basis of Presentation

The School District'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 School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the financial condition of governmental and business-type activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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 School District. As a general rule the effect of interfund services provided and used are not eliminated in the process of consolidation with the exception of the Internal Service Fund activity which was eliminated in the Statement of Activities.

Fund Financial Statements

During the year, the School District segregated transactions related to certain School District 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 School District at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and all deferred inflows/outflows of resources associated with the operation of the School District 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.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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, current liabilities and deferred inflows/outflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and all deferred inflows/outflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension liabilities, and the recording of net pension liabilities.

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. "Measurable" means the amount of the transaction can be determined, and "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 School District, available means expected to be received within sixty (60) days of fiscal year end.

Non-exchange transactions, in which the School District 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 taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions as of June 30, 2015. The deferred outflows of resources related to the pension are explained in Note 9. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and which are not collected in the available period and pensions. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, and interest not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension are only reported on the Statement of Net Position. (See Note 9).

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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due; and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

All funds, other than the 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. The Treasurer has been authorized to allocate Board appropriations to the function and object level 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 School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2015.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amount 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 year.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Investments

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

During fiscal year 2015, investments were limited to a U.S. Treasury Money Market Fund, U.S. Government Instrumentalities, and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2015. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$208,658.

For purposes of the Statement of Cash Flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

Prepaid Items

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

Capital Assets and Depreciation

General capital assets of the School District are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund.

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 School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description	Governmental & Business-Type Assets Estimated Lives
Building and Improvements	25 years
Furniture and Equipment	10 years
Vehicles	10 years

Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the School District’s severance policy.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employee will be paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Interfund/Internal Balances

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “Interfund Receivable/Payable” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as “due to/from other funds.” Interfund receivables and payables within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Net Position; any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances.”

Accrued Liabilities and Long-Term Obligations

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

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

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position represents the difference between assets and liabilities plus deferred inflows/outflows of resources. Net position invested in capital assets, net of related debt consist 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. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net position restricted for other purposes represents balances in special revenue funds which are restricted to use per grant agreements.

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

The government-wide Statement of Net Position reports \$20,409 in restricted net position, none of which are restricted by enabling legislation.

Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the 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.

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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 School District 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 School District Board of Education.

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.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District 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. The School District does not have a formal minimum fund balance policy.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Activities.

Estimates

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the School District, these revenues are tuition for adult education classes, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues not meeting the above definition are classified as nonoperating.

Pensions

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

3. ACCOUNTABILITY

The Food Service special revenue fund had a deficit fund balance of \$115,385. The deficit in this fund is due to adjustments for accrued liabilities and the timing of grant awards. The General Fund provides transfers when cash is required, not when expenditures are incurred.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budget Basis) as opposed to when susceptible to accrual (GAAP Basis).
2. Expenditures are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP Basis).
3. Encumbrances are treated as expenditures (Budget Basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	General
GAAP Basis	\$966,496
Adjustments:	
Revenue Accruals	(66,612)
Expenditure Accruals	(245,478)
Encumbrances	(1,341,752)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(60,816)
Budget Basis	(\$748,162)

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

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

1. United States Treasury notes, bills, bonds, or other obligations of or securities issued by the United States Treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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;

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

5. DEPOSITS AND INVESTMENTS (Continued)

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
9. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the Federal Reserve System and the obligations mature no later than one hundred eighty days after purchase.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited.

The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand

At fiscal year end, the School District had \$450 in un-deposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments."

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District’s policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2015, the carrying amount of all School District deposits was \$5,367,861. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2015, the School District’s bank balance was \$5,520,129. Of this balance \$3,501,004 was covered by FDIC, and the remaining \$2,019,125 was collateralized by the financial institutions’ public entity deposit pools in the manner described above.

Investments

The School District had the following investments at June 30, 2015:

Investment Type	Fair Value	< 1 Year	1-2 Years	3-5 Years
STAROhio	\$9,608	\$9,608	\$0	\$0
Huntington US Treasury Money Market Fund	8,504,052	8,504,052	0	0
FHLB Notes	2,254,440	0	1,501,920	752,520
FFCB Notes	1,502,685	0	0	1,502,685
FHLMC Notes	5,257,853	0	1,501,980	3,755,873
	<u>\$17,528,638</u>	<u>\$8,513,660</u>	<u>\$3,003,900</u>	<u>\$6,011,078</u>

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the School District’s policy, the School District limits their investments to repurchase agreements, treasury notes, U.S. government instrumentalities, and STAROhio. The School District’s investments in FHLB, FFCB, and FHLMC notes were rated AA+ by Moody’s Investor Services. Standard & Poor’s has assigned STAROhio and Huntington US Treasury Money Market Fund an AAAM money market rating.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District’s investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 8.6% in FFCB notes, 12.9% in FHLB notes, 30.0% in FHLMC notes, 48.5% in Huntington US Treasury Money Market Funds, and less than 0.1% in STAROhio.

Custodial credit risk - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

All of the School District’s investments are either insured and registered in the name of the School District or at least registered in the name of the School District.

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

5. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the School District's cash management pool and investments with an original maturity date of three months or less.

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District 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, public utility and tangible personal property (used in business) located in the School District. 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 thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 on 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 thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$6,969,990,180	95.38%	\$6,971,396,030	95.16%
Public Utility	337,931,470	4.62%	354,441,740	4.84%
Total Assessed Value	\$7,307,921,650	100.00%	\$7,325,837,770	100.00%
Tax rate per \$1,000 of assessed valuation	\$2.00		\$2.00	

The School District receives property taxes from Franklin, Fairfield, Licking, Hocking, Perry and Pickaway Counties. The County Auditor periodically advances to the School District 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 to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2015. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred inflow of resources for that portion not intended to finance current year operations.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

6. PROPERTY TAXES (continued)

At June 30, 2015, \$3,512,527 was available as an advance to the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred and recorded as a deferred inflow of resources.

7. CAPITAL ASSETS

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

	Ending Balance 06/30/14*	Additions	Deletions	Ending Balance 06/30/15
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$449,800	\$0	\$0	\$449,800
Construction in Progress	156,711	46,434	(156,711)	\$46,434
Total Capital Assets, Not Being Depreciated	<u>606,511</u>	<u>46,434</u>	<u>(156,711)</u>	<u>496,234</u>
Capital Assets Being Depreciated				
Buildings and Improvements	41,383,742	1,855,905	0	43,239,647
Furniture and Equipment	4,798,054	179,615	(31,545)	4,946,124
Vehicles	292,710	208,199	0	500,909
Total Capital Assets, Being Depreciated	<u>46,474,506</u>	<u>2,243,719</u>	<u>(31,545)</u>	<u>48,686,680</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(20,489,711)	(1,250,527)	0	(21,740,238)
Furniture and Equipment	(2,400,426)	(388,639)	25,654	(2,763,411)
Vehicles	(216,827)	(37,697)	0	(254,524)
Total Accumulated Depreciation	<u>(23,106,964)</u>	<u>(1,676,863)</u>	<u>25,654</u>	<u>(24,758,173)</u>
Total Capital Assets Being Depreciated, Net	<u>23,367,542</u>	<u>566,856</u>	<u>(5,891)</u>	<u>23,928,507</u>
Governmental Activities Capital Assets, Net	<u>\$23,974,053</u>	<u>\$613,290</u>	<u>(\$162,602)</u>	<u>\$24,424,741</u>
Business-Type Activities				
Capital Assets, Being Depreciated				
Buildings and Improvements	\$1,083,253	\$124,059	\$0	\$1,207,312
Furniture and Equipment	105,865	0	(19,664)	86,201
Total Capital Assets, Being Depreciated	<u>1,189,118</u>	<u>124,059</u>	<u>(19,664)</u>	<u>1,293,513</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(796,485)	(40,878)	0	(837,363)
Furniture and Equipment	(72,692)	(5,920)	14,112	(64,500)
Total Accumulated Depreciation	<u>(869,177)</u>	<u>(46,798)</u>	<u>14,112</u>	<u>(901,863)</u>
Business-Type Activities Capital Assets, Net	<u>\$319,941</u>	<u>\$77,261</u>	<u>(\$5,552)</u>	<u>\$391,650</u>

* Beginning balances reclassified. This reclassification had no effect on net position.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

7. CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$126,514
Special	31,457
Career and Technical	915,941
Other	9,997
Support Services:	
Pupil	39,693
Instructional Staff	22,759
Board of Education	1,943
Administration	136,883
Fiscal	3,259
Operation and Maintenance of Plant	329,147
Pupil Transportation	10,382
Central	34,211
Non-Instructional Services	14,677
Total Depreciation Expense	<u>\$1,676,863</u>

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Ohio School Plan for property, liability, and fleet insurance.

Coverage provided by the Ohio School Plan is as follows:

Building and Contents (\$1,000 deductible)	\$70,775,548
Automobile Liability (\$1,000 deductible for Buses and \$500 for All Other Autos)	5,000,000
General Liability (no deductible):	
Per occurrence	5,000,000
Aggregate	7,000,000
Violence	
Per occurrence	1,000,000
Aggregate	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

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

8. RISK MANAGEMENT (Continued)

For fiscal year 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by Anthem, which provides claims review and processing services. The School District has purchased specific stop-loss benefits covering cost above the \$75,000 individual retention mark to an unlimited lifetime reimbursement. The School District has \$2 million aggregate stop-loss coverage.

The liability for unpaid claims costs of \$495,658 reported in the internal service fund at June 30, 2015, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2014	\$464,219	1,628,393	1,614,720	477,892
2015	477,892	1,939,178	1,921,412	495,658

9. DEFINED BENEFIT PENSION PLAN

Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68" were effective. These GASB pronouncements had a significant effect on beginning net position as reported June 30, 2014, as more fully described in Note 20. The net pension liability has been disclosed below.

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.

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability (continued)

The net pension liability represents the School District’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 School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District 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 – School District 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.

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FRANKLIN COUNTY**

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description - School Employees Retirement System (SERS) (continued)

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 School District 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 School District's contractually required contribution to SERS was \$455,453 for fiscal year 2015. Of this amount \$16,239 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District 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 year 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.

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Plan Description - State Teachers Retirement System (STRS) (continued)

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 School District 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 School District's contractually required contribution to STRS Ohio was \$1,247,541 for fiscal year 2015. Of this amount \$204,258 is reported as an intergovernmental payable.

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

The net pension liability reported as of June 30, 2015 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share as well as the pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,047,878	\$20,565,442	\$26,613,320
Proportion of the Net Pension Liability	0.119501%	0.08454982%	
Pension Expense	\$355,665	\$950,105	\$1,305,770

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

9. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Deferred Outflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	\$51,474	\$197,987	\$249,461
School District contributions subsequent to the measurement date	455,453	1,276,050	1,731,503
Total	<u>\$506,927</u>	<u>\$1,474,037</u>	<u>\$1,980,964</u>
Deferred Inflows of Resources	SERS	STRS	Total
Differences between projected and actual investment earnings	\$981,588	\$3,804,685	\$4,786,273
Differences between School District contributions and proportionate share of contributions	2,730	125,114	127,844
Total	<u>\$984,318</u>	<u>\$3,929,799</u>	<u>\$4,914,117</u>

\$1,731,503 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$233,211)	(\$932,953)	(\$1,166,164)
2017	(233,211)	(932,953)	(1,166,164)
2018	(233,211)	(932,953)	(1,166,164)
2019	(233,211)	(932,953)	(1,166,164)
Total	<u>(\$932,844)</u>	<u>(\$3,731,812)</u>	<u>(\$4,664,656)</u>

Actuarial Assumptions - SERS

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

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions - SERS (continued)

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:

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

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions - SERS (continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 School District'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%)
School District's proportionate share of the net pension liability	\$8,628,524	\$6,047,878	\$3,877,331

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.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

9. DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – STRS (continued)

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 School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District’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 School District’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%)
School District’s proportionate share of the net pension liability	\$29,441,673	\$20,565,442	\$13,059,138

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2015, three of the School District’s members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

10. POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 0 percent, 1 percent, and 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2015, 2014, and 2013, respectively. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$0, \$88,480, and \$95,288, for fiscal years 2015, 2014, and 2013, respectively, which equaled the required allocations for those years.

School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

10. POSTEMPLOYMENT BENEFITS (Continued)

Health Care Plan (Continued)

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2015, 2014, and 2013, the health care allocations were 0.82 percent, 0.14 percent, and 0.16 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was established at \$20,450. The surcharge when added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2015, 2014, and 2013 fiscal years equaled \$73,106, \$73,426, and \$71,912, respectively, which equaled the required allocations for those years.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care plan is included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS website at www.ohsers.org under *Employers/Audit Resources*.

11. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn twelve to eighteen days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made for 25 percent of their accrued, but unused sick leave credit to a maximum of 45 to 75 days depending on the employee's years of service.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Medical and dental insurance is provided by the School District to all employees through a self-insurance program.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

12. LONG-TERM DEBT AND OTHER OBLIGATIONS

<u>Governmental Activities:</u>	Principal Outstanding 6/30/2014*	Additions	Deductions	Principal Outstanding 6/30/2015	Due within One Year
2012 School Improvement and Construction Bonds - 2.95%	\$2,800,000	\$0	\$350,000	\$2,450,000	\$350,000
Capital Lease	66,069	0	12,469	53,600	13,197
Net Pension Liability:					
STRS	\$22,242,230	\$0	\$3,570,007	\$18,672,223	\$0
SERS	6,659,540	0	991,914	5,667,626	0
Total Net Pension Liability	28,901,770	0	4,561,921	24,339,849	0
Compensated Absences	1,335,552	611,074	655,370	1,291,256	571,313
<i>Total Governmental Activities</i>	<u>\$33,103,391</u>	<u>\$611,074</u>	<u>\$5,579,760</u>	<u>\$28,134,705</u>	<u>\$934,510</u>
<u>Business-Type Activities:</u>	Principal Outstanding 6/30/2014*	Additions	Deductions	Principal Outstanding 6/30/2015	Due within One Year
Net Pension Liability:					
STRS	\$2,255,190	\$0	\$361,971	\$1,893,219	\$0
SERS	446,801	0	66,549	380,252	0
Total Net Pension Liability	2,701,991	0	428,520	2,273,471	0
Compensated Absences	36,554	24,333	15,843	45,044	25,791
<i>Total Business-Type Activities</i>	<u>\$2,738,545</u>	<u>\$24,333</u>	<u>\$444,363</u>	<u>\$2,318,515</u>	<u>\$25,791</u>

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

* - As restated – see Note 20

On August 10, 2011, the School District issued \$3,500,000 School Construction and Improvement Bonds at an average rate of 2.95 percent per annum with a maturity date of December 1, 2021. These payments are being made from the Debt Service Fund.

Compensated absences will be paid from the fund from which employees' salaries are paid with the significant funds being the General Fund and the Adult Education Fund.

The School District's overall legal debt margin was \$656,875,399 with an un-voted debt margin of \$7,325,838.

A summary of the School District's future long-term debt funding requirements as of June 30, 2015, follows:

	<u>2012 School Improvement and Construction Bonds</u>		
	Principal	Interest	Total
2016	\$350,000	\$67,113	\$417,113
2017	350,000	56,608	406,608
2018	350,000	46,463	396,463
2019	350,000	36,137	386,137
2020	350,000	25,813	375,813
2021-2022	700,000	20,829	720,829
Total	<u>\$2,450,000</u>	<u>\$252,963</u>	<u>2,702,963</u>

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

12. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

Capital Lease Obligation

In fiscal year 2014, the District entered into a capital lease for copiers and printers. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital lease payments will be classified as debt service in the General Fund in the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. The capital assets acquired by the lease have been capitalized in the statement of net position for governmental activities in the amount of \$69,077. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2015 totaled \$12,469. The lease obligations are being repaid from the General Fund.

The School District's future minimum lease payments under capital lease obligations for Governmental Activities as of June 30, 2015 are as follows:

Fiscal Year Ending June 30,	Payments
2016	\$15,906
2017	15,906
2018	15,907
2019	<u>11,929</u>
	59,648
Less: Interest	<u>(6,048)</u>
Present Value of Minimum Lease Payments	<u><u>\$53,600</u></u>

13. INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2015, were as follows:

Fund	Transfer From	Transfer To
<i>Major Governmental Fund</i>		
General	\$527,438	\$-
<i>Non-Major Funds</i>		
Bond Retirement	-	427,438
Food Service	-	<u>100,000</u>
Total Non-Major Funds	<u>-</u>	<u>527,438</u>
Total	<u><u>\$527,438</u></u>	<u><u>\$527,438</u></u>

Transfers were made from the General Fund to move unrestricted balances to pay debt and to support programs and projects accounted for in other funds.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

13. INTERFUND ACTIVITY (Continued)

Interfund Balances

Interfund balances at June 30, 2015, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2016 fiscal year:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$230,443	\$-
Non Major Special Revenue Funds:		
Food Service	-	117,000
ABLE Grant	-	25,968
Secondary Perkins Grant	-	87,475
Total Non Major Special Revenue Funds	-	230,443
Total All Funds	\$230,443	\$230,443

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds, and the School District's food service operations. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

14. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

The following information describes the change in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Maintenance
Set-aside Cash Balance as of June 30, 2014	\$0
Current year set-aside requirement	196,479
Qualifying disbursements	(196,479)
Set-aside Reserve Balance as of June 30, 2015	\$0

The School District had qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserves. The excess amount in the Capital Maintenance Reserve may not be carried forward.

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

15. CONTINGENT LIABILITIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any legal proceedings.

C. Foundation

School District 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 District, 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 School District; 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 School District.

16. INSURANCE PURCHASING POOL

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

17. RECEIVABLES

Receivables at June 30, 2015, consisted of property taxes, interest, interfund, accounts (rent, billings for user charged services, and student fees), 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 State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Major Fund:	
General	\$ 49,120
Non-Major Funds:	
Able Instructional	25,968
Carl D. Perkins Secondary	87,475
Total Non-Major Funds	<u>113,443</u>
Total	<u>\$ 162,563</u>

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

18. FUND BALANCES

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

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable			
Prepays	136,435	1,192	137,627
Restricted for			
Capital Improvements	-	12,400	12,400
Other Purposes	-	11,331	11,331
Total Restricted	-	23,731	23,731
Assigned to			
Other Purposes	5,901,186	-	5,901,186
Unassigned (Deficit)			
	13,978,032	(115,385)	13,862,647
Total Fund Balances	<u>\$ 20,015,653</u>	<u>\$ (90,462)</u>	<u>\$ 19,925,191</u>

19. COMMITMENTS

A. Contractual

As of June 30, 2015, the School District's contractual purchase commitments from the General and Building Funds for the \$3.5 million bond project are as follows:

Vendor	Contract Amount	Amount Expended	Balance at 06/30/2015
Gudenkauf Corporation	\$132,221	\$65,033	\$67,188
Dataserv Inc.	756,121	-	756,121

B. Encumbrances

At June 30, 2015, the School District had significant encumbrance commitments in the following governmental funds:

Fund	Amount
Major Fund:	
General	\$1,356,449
Total Encumbrances	<u>\$1,356,449</u>

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

20. CHANGES IN ACCOUNTING PRINCIPLES

For 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No.27" and GASB Statement No. 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68."

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

Statement No. 71 amends paragraph 137 of Statement 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 impact of the application of Statement No. 68 and Statement No. 71 had the following effect on beginning net position.

Governmental Activities:

Net position, July 1, 2014-As previously stated	\$41,120,818
School District Share of Beginning Plan Net Pension Liability	(28,901,770)
School District Share of 2014 Employer Contributions	<u>1,495,404</u>
Net position, July 1, 2014-As restated	<u>\$13,714,452</u>

Business-Type Activities:

Net position, July 1, 2014-As previously stated	\$3,544,671
School District Share of Beginning Plan Net Pension Liability	(2,701,991)
School District Share of 2014 Employer Contributions	<u>136,152</u>
Net position, July 1, 2014-As restated	<u>\$978,832</u>

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**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TWO YEARS**

	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	<u>12,820,884,107</u>	<u>11,300,482,029</u>
Net pension liability	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.119501%	0.119501%
School District's proportionate share of the net pension liability	\$ 6,047,878	\$ 7,106,341
School District's covered-employee payroll	\$ 3,651,624	\$ 3,545,708
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	165.60%	200.40%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.50%

**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TWO YEARS**

	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	<u>71,843,596,331</u>	<u>65,392,746,348</u>
Net pension liability	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.08454982%	0.08454982%
School District's proportionate share of the net pension liability	\$ 20,565,442	\$ 24,497,420
School District's covered-employee payroll	\$ 8,638,923	\$ 9,478,638
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.10%	258.40%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN COUNTY**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN YEARS*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 455,453	\$ 481,284	\$ 490,726	\$ 313,588	\$ 327,388	\$ 555,095	\$ 314,654	\$ 346,578	\$ 311,673	\$ 396,221
Contributions in relation to the contractually required contribution	<u>(455,453)</u>	<u>(481,284)</u>	<u>(490,726)</u>	<u>(313,588)</u>	<u>(327,388)</u>	<u>(555,095)</u>	<u>(314,654)</u>	<u>(346,578)</u>	<u>(311,673)</u>	<u>(396,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered-employee payroll	\$3,286,097	\$3,651,624	\$3,545,708	\$2,331,509	\$2,604,519	\$4,099,668	\$3,197,703	\$3,529,308	\$2,918,287	\$3,745,000
Contributions as a percentage of covered employee payroll	13.86%	13.18%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN COUNTY**

***REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN YEARS***

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 1,247,541	\$ 1,123,060	\$ 1,232,223	\$ 1,282,195	\$ 1,235,717	\$ 1,306,870	\$ 1,352,146	\$ 1,261,241	\$ 1,150,544	\$ 1,170,236
Contributions in relation to the contractually required contribution	<u>(1,247,541)</u>	<u>(1,123,060)</u>	<u>(1,232,223)</u>	<u>(1,282,195)</u>	<u>(1,235,717)</u>	<u>(1,306,870)</u>	<u>(1,352,146)</u>	<u>(1,261,241)</u>	<u>(1,150,544)</u>	<u>(1,170,236)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered-employee payroll	\$ 8,911,007	\$ 8,638,923	\$ 9,478,638	\$ 9,863,038	\$ 9,505,515	\$ 10,052,846	\$ 10,401,123	\$ 9,701,854	\$ 8,850,338	\$ 9,001,815
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**EASTLAND FAIRFIELD CAREER AND TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	\$ 626,390	\$ 626,390
Federal Direct Student Loans	84.268	1,146,892	1,146,892
Total Student Financial Aid Cluster		<u>1,773,282</u>	<u>1,773,282</u>
<i>Passed Through Ohio Department of Education:</i>			
Career and Technical Education - Basic Grants to States	84.048	910,953	908,408
Improving Teacher Quality State Grants	84.367	2,599	2,599
Adult Education - Basic Grants to States	84.002	<u>352,741</u>	<u>355,861</u>
Total Passed Through Ohio Department of Education:		<u>1,266,293</u>	<u>1,266,868</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>3,039,575</u>	<u>3,040,150</u>
TOTALS		<u>\$ 3,039,575</u>	<u>\$ 3,040,150</u>

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

**EASTLAND FAIRFIELD CAREER TECHNICAL SCHOOLS
FRANKLIN COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Eastland Fairfield Career Technical Schools, Franklin County, Ohio, (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – GUARANTEED STUDENT LOANS

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed



Dave Yost • Auditor of State

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

Eastland Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland Fairfield Career & Technical Schools, Franklin County, (the School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 10, 2016. We noted the School adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27 and 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 School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School'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 School's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of reasonably assuring whether the School'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 School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2016



Dave Yost • Auditor of State

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

Eastland Fairfield Career & Technical Schools
Franklin County
4300 Amalgamated Place
Groveport, Ohio 43125

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 10, 2016

**EASTLAND FAIRFIELD CAREER & TECHNICAL SCHOOL
FRANKLIN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

EASTLAND FAIRFIELD CAREER & TECHNICAL SCHOOLS
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Management Controls over GAAP Financial Statement Reporting	Yes	



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**EASTLAND FAIRFIELD CAREER AND TECHNICAL SCHOOL
FRANKLIN COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2016**