

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
(UNAUDITED)

The management's discussion and analysis of the Delaware Area Career Center's (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities increased \$3,136,480, which represents a 7.71% increase from fiscal year 2012.
- Governmental activities' general revenues accounted for \$15,124,549 in revenue or 83.29% of all revenue. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,033,517 in revenue or 16.71% of total revenues of \$18,158,066.
- The Career Center had \$15,021,586 in expenses related to governmental activities; only \$3,033,517 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,124,549 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund and permanent improvement fund. The general fund had \$15,148,647 in revenues and \$12,882,203 in expenditures and other financing uses. The general fund's fund balance increased \$2,266,444 from \$20,730,572 to \$22,997,016.
- The permanent improvement fund had \$1,995,554 in revenues and other financing sources and \$1,477,890 in expenditures. The permanent improvement fund's fund balance increased \$517,664 from \$6,357,762 to \$6,875,426.

**Using the Basic Financial Statements (BFS)**

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

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

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**Reporting the Career Center as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did the Career Center do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The Career Center's statement of net position and statement of activities can be found on pages 14-15 of this report.

**Reporting the Career Center's Most Significant Funds**

*Fund Financial Statements*

The analysis of the Career Center's major governmental funds begins on page 9. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and permanent improvement fund.

*Governmental Funds*

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 16-20 of this report.

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**Reporting the Career Center's Fiduciary Responsibilities**

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 21-22. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-51 of this report.

**The Career Center as a Whole**

The statement of net position provides the perspective of the Career Center as a whole.

Certain asset, deferred outflows of resources, liability, deferred inflows of resources, and net position classifications have been reclassified by the Career Center for fiscal year 2012 to conform to fiscal year 2013 presentation in accordance with GASB Statement No. 63 and GASB Statement No. 65. The table below provides a summary of the Career Center's net position at June 30, 2013 and June 30, 2012.

	<b>Net Position</b>	
	Governmental Activities 2013	Governmental Activities 2012
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current assets	\$ 40,050,696	\$ 37,897,334
Capital assets, net	<u>14,569,418</u>	<u>14,240,210</u>
Total assets	<u>54,620,114</u>	<u>52,137,544</u>
<u>Liabilities</u>		
Current liabilities	984,544	1,036,072
Long-term liabilities	<u>1,412,863</u>	<u>1,460,118</u>
Total liabilities	<u>2,397,407</u>	<u>2,496,190</u>
<u>Deferred Inflows of Resources</u>	<u>8,418,383</u>	<u>8,973,510</u>
<u>Net Position</u>		
Net investment in capital assets	14,443,781	14,099,302
Restricted	5,625,246	5,455,080
Unrestricted	<u>23,735,297</u>	<u>21,113,462</u>
Total net position	<u>\$ 43,804,324</u>	<u>\$ 40,667,844</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the Career Center's assets exceeded liabilities and deferred inflows of resources by \$43,804,324.

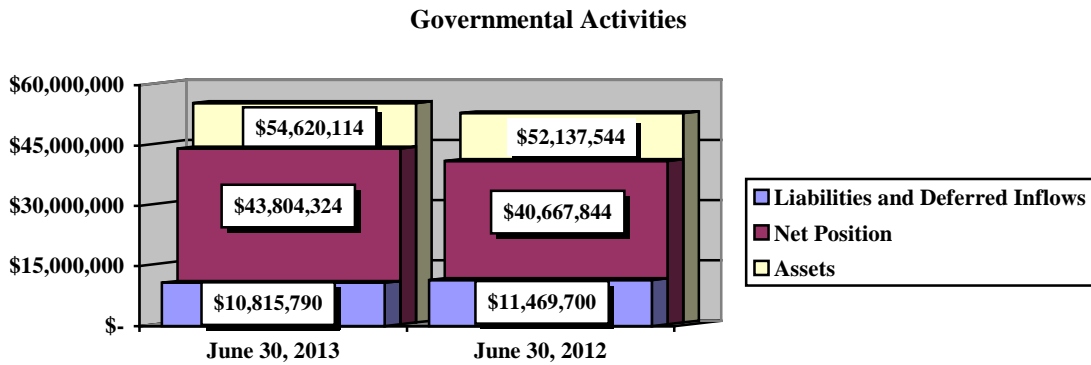
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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At fiscal year end, capital assets represented 26.67% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2013 was \$14,443,781. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$5,625,246, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$23,735,297 may be used to meet the Career Center's ongoing obligations to the students and creditors.

The graph below illustrates the Career Center's assets, liabilities and deferred inflows of resources, and net position at June 30, 2013 and June 30, 2012.



The table below shows the changes in net position for governmental activities for fiscal years 2013 and 2012.

**Change in Net Position**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,200,847	\$ 1,924,238
Operating grants and contributions	832,670	853,631
General revenues:		
Property taxes	11,249,596	10,650,163
Grants and entitlements	3,830,873	4,055,738
Payment in lieu of taxes	9,029	10,135
Investment earnings	145,422	152,861
Decrease in fair value of investments	(173,439)	-
Miscellaneous	63,068	86,579
Total revenues	<u>18,158,066</u>	<u>17,733,345</u>

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	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 1,085,006	\$ 1,043,132
Special	254,315	187,961
Vocational	5,716,143	5,549,480
Adult/continuing	1,095,774	1,302,578
Other	106,955	105,374
Support services:		
Pupil	1,308,490	737,635
Instructional staff	1,149,438	557,879
Board of education	129,671	90,759
Administration	1,165,440	1,409,618
Fiscal	726,211	739,463
Operations and maintenance	1,718,932	1,601,021
Pupil transportation	30,601	37,390
Central	263,301	995,037
Operation of non-instructional services:		
Other non-instructional services	21,637	19,175
Food service operations	229,679	201,975
Extracurricular activities	14,609	17,041
Interest and fiscal charges	5,384	6,745
Total expenses	<u>15,021,586</u>	<u>14,602,263</u>
Change in net position	3,136,480	3,131,082
Net position at beginning of year	<u>40,667,844</u>	<u>37,536,762</u>
Net position at end of year	<u>\$ 43,804,324</u>	<u>\$ 40,667,844</u>

**Governmental Activities**

Net position of the Career Center's governmental activities increased \$3,136,480. Total governmental expenses of \$15,021,586 were offset by program revenues of \$3,033,517 and general revenues of \$15,124,549. Program revenues supported 20.19% of the total governmental expenses.

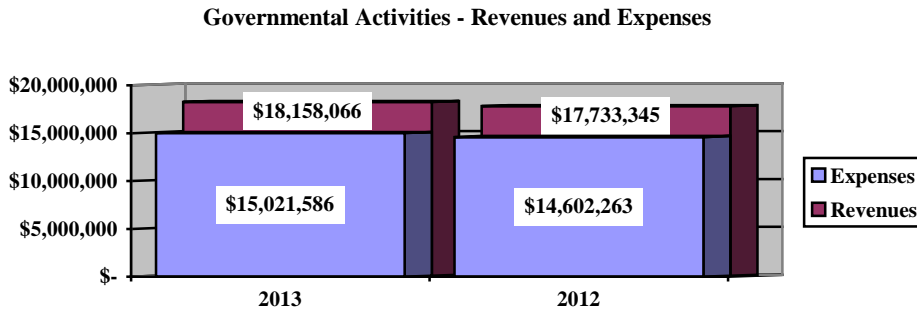
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 83.05% of total governmental revenue. Real estate property is reappraised every six years. Charges for services and sales increased mainly due to an increase in open enrollment receipts during fiscal year 2013. Property taxes increased primarily due to an increase in the tax advances available to the Career Center at June 30, 2013. The amount of tax advances available from the various County Auditors can vary depending upon when tax bills are mailed.

The largest expense of the Career Center is for instructional programs. Instruction expenses totaled \$8,258,193 or 54.98% of total governmental expenses for fiscal year 2013. The Career Center experienced increased costs for both pupil and instructional staff support services, as well as decreased costs for central support services, during fiscal year 2013. However, overall expenses remained comparable to the prior year, only increasing 2.87%.

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The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2013 and 2012.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

**Governmental Activities**

	Total Cost of Services <u>2013</u>	Net Cost of Services <u>2013</u>	Total Cost of Services <u>2012</u>	Net Cost of Services <u>2012</u>
Program expenses:				
Instruction:				
Regular	\$ 1,085,006	\$ 1,029,896	\$ 1,043,132	\$ 996,320
Special	254,315	254,315	187,961	187,961
Vocational	5,716,143	4,042,374	5,549,480	4,203,566
Adult/continuing	1,095,774	260,279	1,302,578	376,745
Other	106,955	106,955	105,374	105,374
Support services:				
Pupil	1,308,490	1,259,718	737,635	641,012
Instructional staff	1,149,438	964,562	557,879	407,272
Board of education	129,671	129,671	90,759	90,759
Administration	1,165,440	1,122,212	1,409,618	1,379,858
Fiscal	726,211	708,773	739,463	739,463
Operations and maintenance	1,718,932	1,696,634	1,601,021	1,586,309
Pupil transportation	30,601	30,601	37,390	37,390
Central	263,301	247,236	995,037	963,884
Operation of non-instructional services:				
Other non-instructional services	21,637	21,637	19,175	19,175
Food service operations	229,679	93,842	201,975	65,600
Extracurricular activities	14,609	13,980	17,041	16,961
Interest and fiscal charges	5,384	5,384	6,745	6,745
<b>Total expenses</b>	<b><u>\$ 15,021,586</u></b>	<b><u>\$ 11,988,069</u></b>	<b><u>\$ 14,602,263</u></b>	<b><u>\$ 11,824,394</u></b>

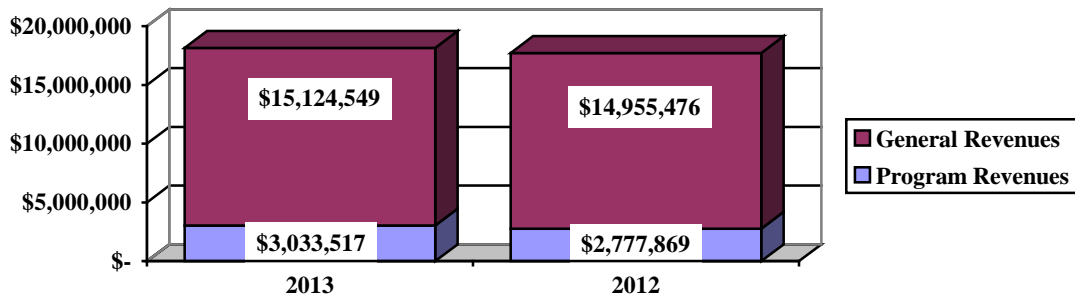
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The dependence upon tax and other general revenues for governmental activities is apparent, as 68.95% of fiscal year 2013 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 79.81% in fiscal year 2013. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The Career Center's Funds**

The Career Center's governmental funds reported a combined fund balance of \$30,185,867, which is more than last year's total balance of \$27,339,151. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012.

	Fund Balance <u>June 30, 2013</u>	Fund Balance <u>June 30, 2012</u>	<u>Increase</u>
General	\$ 22,997,016	\$ 20,730,572	\$ 2,266,444
Permanent Improvement	6,875,426	6,357,762	517,664
Nonmajor Governmental	<u>313,425</u>	<u>250,817</u>	<u>62,608</u>
Total	<u>\$ 30,185,867</u>	<u>\$ 27,339,151</u>	<u>\$ 2,846,716</u>

**General Fund**

The Career Center's general fund balance increased \$2,266,444. The tables that follow assist in illustrating the financial activities and fund balance of the general fund.

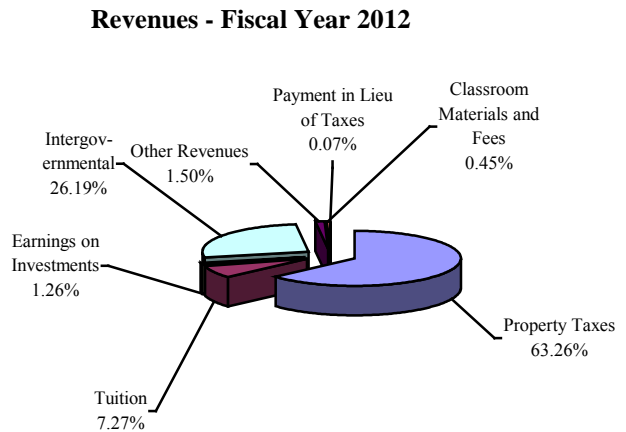
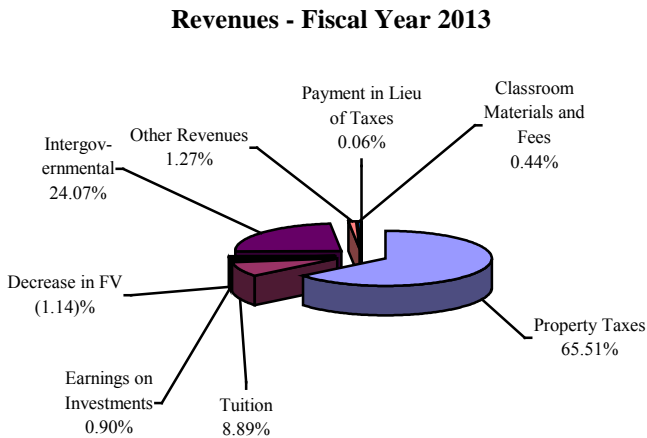
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The table that follows assists in illustrating the revenues of the general fund.

	2013 <u>Amount</u>	2012 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<b>Revenues</b>				
Property taxes	\$ 9,924,206	\$ 9,273,423	\$ 650,783	7.02 %
Tuition	1,347,464	1,065,638	281,826	26.45 %
Earnings on investments	136,130	184,802	(48,672)	(26.34) %
Decrease in fair value of investments	(173,439)	-	(173,439)	(100.00) %
Classroom materials and fees	65,944	66,015	(71)	(0.11) %
Payment in lieu of taxes	9,029	10,135	(1,106)	(10.91) %
Intergovernmental	3,646,602	3,839,584	(192,982)	(5.03) %
Other revenues	192,711	220,055	(27,344)	(12.43) %
<b>Total</b>	<u>\$ 15,148,647</u>	<u>\$ 14,659,652</u>	<u>\$ 488,995</u>	3.34 %

Overall revenues of the general fund increased \$488,995 or 3.34%. Property taxes increased \$650,783 or 7.02% primarily due to an increase in the tax advances available to the Career Center at June 30, 2013. The amount of tax advances available from the various County Auditors can vary depending upon when tax bills are mailed. Tuition increased \$281,826 or 26.45% mainly due to an increase in open enrollment receipts during fiscal year 2013. The decrease in earnings on investments and the related decrease in fair value of investments are due to the declining performance of the Career Center's investment accounts.





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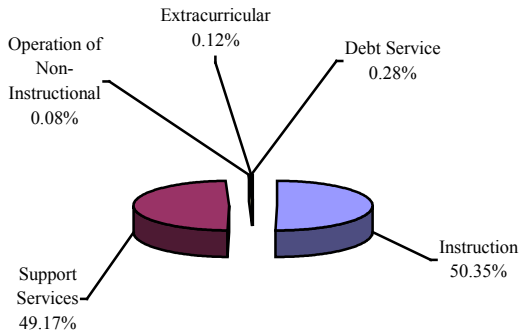
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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The table that follows assists in illustrating the expenditures of the general fund.

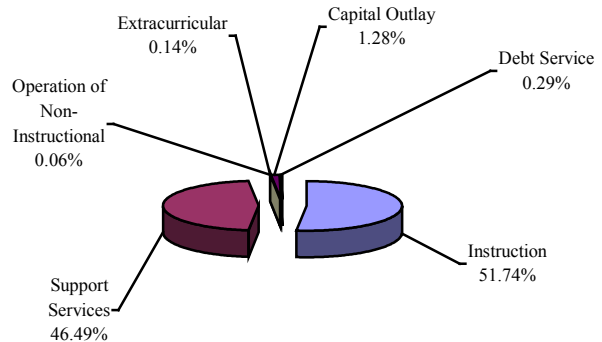
<u>Expenditures</u>	<u>2013 Amount</u>	<u>2012 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
Instruction	\$ 6,115,483	\$ 6,126,871	\$ (11,388)	(0.19) %
Support services	5,971,957	5,506,863	465,094	8.45 %
Operation of non-instructional services	9,228	7,662	1,566	20.44 %
Extracurricular activities	14,609	17,041	(2,432)	(14.27) %
Capital outlay	-	151,726	(151,726)	(100.00) %
Debt service	34,229	34,229	-	- %
Total	<u>\$ 12,145,506</u>	<u>\$ 11,844,392</u>	<u>\$ 301,114</u>	2.54 %

Overall expenditures of the general fund increased \$301,114 or 2.54%. Capital outlay expenditures decreased due to the Career Center entering into a capital lease obligation during fiscal year 2012, which did not occur again during fiscal year 2013. All other expenditure classifications remained comparable to the prior year.

**Expenditures - Fiscal Year 2013**



**Expenditures - Fiscal Year 2012**



***Permanent Improvement Fund***

The permanent improvement fund had \$1,995,554 in revenues and other financing sources and \$1,477,890 in expenditures. The permanent improvement fund's fund balance increased \$517,664 from \$6,357,762 to \$6,875,426.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources were \$14,430,051, which matched exactly to original budget estimates. Actual revenues and other financing sources of \$14,745,416 were \$315,365 more than final budgeted revenues and other financing sources.

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General fund original appropriations (expenditures and other financing uses) of \$13,615,755 matched exactly to final budget estimates. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$13,267,045, which was \$348,710 less than the final budget.

**Capital Assets and Debt Administration**

**Capital Assets**

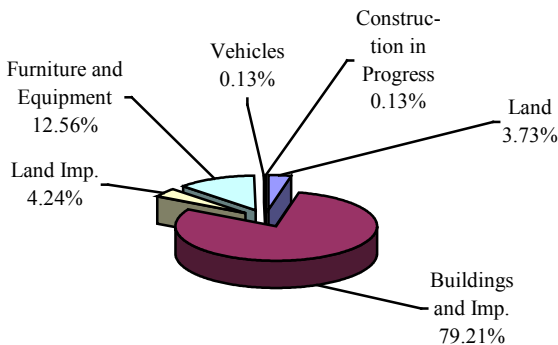
At the end of fiscal year 2013, the Career Center had \$14,569,418 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2013 balances compared to June 30, 2012:

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

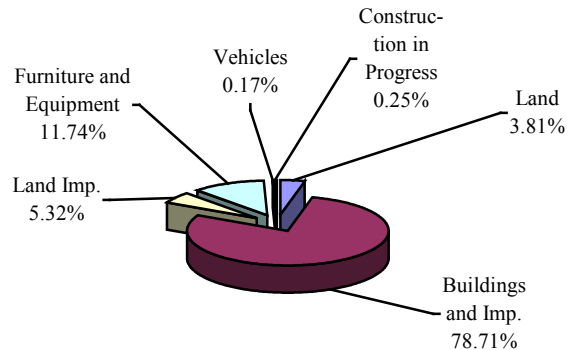
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Land	\$ 542,956	\$ 542,956
Land improvements	618,019	758,134
Buildings and improvements	11,539,936	11,208,042
Furniture and equipment	1,830,035	1,671,583
Vehicles	18,926	24,495
Construction in progress	<u>19,546</u>	<u>35,000</u>
Total	<u>\$ 14,569,418</u>	<u>\$ 14,240,210</u>

The following graphs show the breakdown of governmental activities capital assets by category for fiscal years 2013 and 2012.

**Capital Assets - Governmental Activities 2013**



**Capital Assets - Governmental Activities 2012**



The overall increase in capital assets of \$329,208 is due to capital asset additions of \$1,003,707 exceeding depreciation expense of \$674,499. See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

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***Debt Administration***

At June 30, 2013, the Career Center had \$95,397 in capital lease obligations outstanding. Of this total, \$30,274 is due within one year and \$65,123 is due in more than one year. The following table summarizes the long-term obligations outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
Building assistance loan	\$ -	\$ 16,666
Capital lease obligations	<u>95,397</u>	<u>124,242</u>
Total	<u><u>\$ 95,397</u></u>	<u><u>\$ 140,908</u></u>

At June 30, 2013, the Career Center's overall legal debt margin was \$443,247,142 with an unvoted debt margin of \$4,924,968.

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

**Current Financial Related Activity**

Currently, the Career Center is financially stable. The Career Center agreed on a three-year agreement with its union that includes 0% base salary increases and a cap on insurance premium increases.

The Career Center renewed a 1.3 mill operating levy and a 0.4 mill permanent improvement levy in November of 2006. This ten-year levy should provide funding for the Career Center to operate until 2016 (the year the levy expires).

**Contacting the Career Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Christopher H. Bell, Treasurer, Delaware Area Career Center, 4565 Columbus Pike, Delaware, Ohio 43015-8969.

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**DELAWARE AREA CAREER CENTER  
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STATEMENT OF NET POSITION  
JUNE 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 28,585,375
Receivables:	
Property taxes . . . . .	11,065,043
Accounts. . . . .	80,930
Accrued interest. . . . .	30,118
Intergovernmental . . . . .	201,579
Prepayments . . . . .	66,643
Materials and supplies inventory. . . . .	21,008
Capital assets:	
Nondepreciable capital assets . . . . .	562,502
Depreciable capital assets, net. . . . .	14,006,916
Capital assets, net . . . . .	14,569,418
Total assets. . . . .	54,620,114
 <b>Liabilities:</b>	
Accounts payable. . . . .	49,734
Contracts payable. . . . .	30,240
Accrued wages and benefits payable . . . . .	766,248
Pension obligation payable. . . . .	101,075
Intergovernmental payable . . . . .	35,789
Unearned revenue . . . . .	1,458
Long-term liabilities:	
Due within one year. . . . .	216,990
Due in more than one year. . . . .	1,195,873
Total liabilities . . . . .	2,397,407
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	8,418,383
Total deferred inflows of resources . . . . .	8,418,383
 <b>Net position:</b>	
Net investment in capital assets . . . . .	14,443,781
Restricted for:	
Capital projects . . . . .	5,345,293
State funded programs. . . . .	9,036
Federally funded programs . . . . .	30,241
Other purposes . . . . .	240,676
Unrestricted . . . . .	23,735,297
Total net position. . . . .	\$ 43,804,324

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,085,006	\$ 3,308	\$ 51,802	\$ (1,029,896)
Special . . . . .	254,315	-	-	(254,315)
Vocational . . . . .	5,716,143	1,542,038	131,731	(4,042,374)
Adult/continuing . . . . .	1,095,774	540,650	294,845	(260,279)
Other . . . . .	106,955	-	-	(106,955)
Support services:				
Pupil . . . . .	1,308,490	-	48,772	(1,259,718)
Instructional staff . . . . .	1,149,438	-	184,876	(964,562)
Board of education . . . . .	129,671	-	-	(129,671)
Administration . . . . .	1,165,440	9,414	33,814	(1,122,212)
Fiscal . . . . .	726,211	13,889	3,549	(708,773)
Operations and maintenance . . . . .	1,718,932	20,348	1,950	(1,696,634)
Pupil transportation . . . . .	30,601	-	-	(30,601)
Central . . . . .	263,301	-	16,065	(247,236)
Operation of non-instructional services:				
Other non-instructional services . . . . .	21,637	-	-	(21,637)
Food service operations . . . . .	229,679	70,571	65,266	(93,842)
Extracurricular activities . . . . .	14,609	629	-	(13,980)
Interest and fiscal charges . . . . .	5,384	-	-	(5,384)
<b>Total governmental activities . . . . .</b>	<b>\$ 15,021,586</b>	<b>\$ 2,200,847</b>	<b>\$ 832,670</b>	<b>(11,988,069)</b>

**General revenues:**

Property taxes levied for:	
General purposes . . . . .	9,863,174
Capital projects . . . . .	1,386,422
Grants and entitlements not restricted to specific programs . . . . .	3,830,873
Payment in lieu of taxes . . . . .	9,029
Investment earnings . . . . .	145,422
Decrease in fair value of investments . . . . .	(173,439)
Miscellaneous . . . . .	63,068
<b>Total general revenues . . . . .</b>	<b>15,124,549</b>
Change in net position . . . . .	3,136,480
<b>Net position at beginning of year . . . . .</b>	<b>40,667,844</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 43,804,324</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 21,580,260	\$ 6,655,774	\$ 349,341	\$ 28,585,375
Receivables:				
Property taxes . . . . .	9,701,674	1,363,369	-	11,065,043
Accounts . . . . .	5,940	-	74,990	80,930
Accrued interest . . . . .	30,118	-	-	30,118
Intergovernmental . . . . .	36,892	-	164,687	201,579
Interfund loans . . . . .	185,423	-	-	185,423
Prepayments . . . . .	56,904	-	9,739	66,643
Materials and supplies inventory . . . . .	19,548	-	1,460	21,008
Total assets . . . . .	<u>\$ 31,616,759</u>	<u>\$ 8,019,143</u>	<u>\$ 600,217</u>	<u>\$ 40,236,119</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 8,213	\$ 36,152	\$ 5,369	\$ 49,734
Contracts payable . . . . .	-	30,240	-	30,240
Accrued wages and benefits payable . . . . .	721,205	-	45,043	766,248
Compensated absences payable . . . . .	77,833	-	-	77,833
Interfund loans payable . . . . .	-	-	185,423	185,423
Intergovernmental payable . . . . .	32,341	-	3,448	35,789
Pension obligation payable . . . . .	93,064	-	8,011	101,075
Unearned revenue . . . . .	1,458	-	-	1,458
Total liabilities . . . . .	<u>934,114</u>	<u>66,392</u>	<u>247,294</u>	<u>1,247,800</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . . . .	7,380,685	1,037,698	-	8,418,383
Delinquent property tax revenue not available . . . . .	282,759	39,627	-	322,386
Accrued interest not available . . . . .	22,185	-	-	22,185
Other nonexchange transactions not available . . . . .	-	-	29,408	29,408
Tuition revenue not available . . . . .	-	-	9,687	9,687
Miscellaneous revenue not available . . . . .	-	-	403	403
Total deferred inflows of resources . . . . .	<u>7,685,629</u>	<u>1,077,325</u>	<u>39,498</u>	<u>8,802,452</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	19,548	-	1,460	21,008
Prepays . . . . .	56,904	-	9,739	66,643
Restricted:				
Capital improvements . . . . .	-	5,275,426	-	5,275,426
Adult education . . . . .	-	-	273,526	273,526
Food service operations . . . . .	-	-	11,923	11,923
Targeted academic assistance . . . . .	-	-	283	283
Vocational education . . . . .	-	-	10,523	10,523
Other purposes . . . . .	-	-	6,279	6,279
Committed:				
Capital improvements . . . . .	-	1,600,000	-	1,600,000
Student instruction . . . . .	1,302	-	-	1,302
Student and staff support . . . . .	17,052	-	-	17,052
Assigned:				
Student instruction . . . . .	85,151	-	-	85,151
Student and staff support . . . . .	187,757	-	-	187,757
School supplies . . . . .	47,595	-	-	47,595
Wellness activities . . . . .	18,773	-	-	18,773
Other purposes . . . . .	110,836	-	-	110,836
Unassigned (deficit) . . . . .	22,452,098	-	(308)	22,451,790
Total fund balances . . . . .	<u>22,997,016</u>	<u>6,875,426</u>	<u>313,425</u>	<u>30,185,867</u>
Total liabilities, deferred inflows of resources and fund balances . . . . .	<u>\$ 31,616,759</u>	<u>\$ 8,019,143</u>	<u>\$ 600,217</u>	<u>\$ 40,236,119</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$	30,185,867
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			14,569,418
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	\$	322,386	
Accounts receivable		10,090	
Accrued interest receivable		22,185	
Intergovernmental receivable		<u>29,408</u>	
Total			384,069
Long-term liabilities, including capital lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations payable		(95,397)	
Compensated absences payable		<u>(1,239,633)</u>	
Total			<u>(1,335,030)</u>
<b>Net position of governmental activities</b>		<u>\$</u>	<u>43,804,324</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 9,924,206	\$ 1,394,983	\$ -	\$ 11,319,189
Tuition . . . . .	1,347,464	-	329,179	1,676,643
Earnings on investments . . . . .	136,130	-	-	136,130
Decrease in fair value of investments . . . . .	(173,439)	-	-	(173,439)
Charges for services . . . . .	-	-	70,571	70,571
Extracurricular . . . . .	1,657	-	-	1,657
Classroom materials and fees . . . . .	65,944	-	49,277	115,221
Rental income . . . . .	12,716	-	-	12,716
Contributions and donations . . . . .	481	-	29,727	30,208
Contract services . . . . .	131,570	-	174,186	305,756
Other local revenues . . . . .	46,287	16,300	36,210	98,797
Payment in lieu of taxes . . . . .	9,029	-	-	9,029
Intergovernmental - state . . . . .	3,612,845	184,271	209,849	4,006,965
Intergovernmental - federal . . . . .	33,757	-	590,076	623,833
Total revenues . . . . .	<u>15,148,647</u>	<u>1,595,554</u>	<u>1,489,075</u>	<u>18,233,276</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,001,319	-	49,845	1,051,164
Special . . . . .	254,315	-	-	254,315
Vocational . . . . .	4,719,173	574,463	120,905	5,414,541
Adult/continuing . . . . .	33,721	-	1,051,628	1,085,349
Other . . . . .	106,955	-	-	106,955
Support services:				
Pupil . . . . .	1,261,046	-	45,326	1,306,372
Instructional staff . . . . .	957,619	-	168,621	1,126,240
Board of education . . . . .	127,876	-	-	127,876
Administration . . . . .	1,095,559	11,688	42,182	1,149,429
Fiscal . . . . .	673,857	22,851	23,298	720,006
Operations and maintenance . . . . .	1,573,300	4,542	12,802	1,590,644
Pupil transportation . . . . .	30,601	-	-	30,601
Central . . . . .	252,099	-	14,930	267,029
Operation of non-instructional services:				
Other non-instructional services . . . . .	9,228	-	-	9,228
Food service operations . . . . .	-	-	216,961	216,961
Extracurricular activities . . . . .	14,609	-	-	14,609
Facilities acquisition and construction . . . . .	-	864,346	-	864,346
Debt service:				
Principal retirement . . . . .	28,845	-	16,666	45,511
Interest and fiscal charges . . . . .	5,384	-	-	5,384
Total expenditures . . . . .	<u>12,145,506</u>	<u>1,477,890</u>	<u>1,763,164</u>	<u>15,386,560</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,003,141</u>	<u>117,664</u>	<u>(274,089)</u>	<u>2,846,716</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	400,000	336,697	736,697
Transfers (out) . . . . .	(736,697)	-	-	(736,697)
Total other financing sources (uses) . . . . .	<u>(736,697)</u>	<u>400,000</u>	<u>336,697</u>	<u>-</u>
Net change in fund balances . . . . .	2,266,444	517,664	62,608	2,846,716
<b>Fund balances at beginning of year . . . . .</b>	<b>20,730,572</b>	<b>6,357,762</b>	<b>250,817</b>	<b>27,339,151</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 22,997,016</b>	<b>\$ 6,875,426</b>	<b>\$ 313,425</b>	<b>\$ 30,185,867</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Net change in fund balances - total governmental funds** \$ 2,846,716

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

Government funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$ 1,003,707	
Current year depreciation	(674,499)	
Total		329,208

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

Property taxes	(69,593)	
Tuition	(18,330)	
Earnings on investments	9,292	
Contributions and donations	(5,784)	
Other local revenues	403	
Intergovernmental revenue	8,802	
Total		(75,210)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement net position. 45,511

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of financial resources and therefore are not reported as expenditures in governmental funds. (9,745)

**Change in net position of governmental activities** \$ 3,136,480

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 9,332,092	\$ 9,332,092	\$ 9,337,437	\$ 5,345
Tuition . . . . .	1,205,089	1,205,089	1,347,464	142,375
Earnings on investments . . . . .	271,196	271,196	142,820	(128,376)
Classroom materials and fees . . . . .	1,300	1,300	1,104	(196)
Rental income . . . . .	14,960	14,960	14,034	(926)
Other local revenues . . . . .	30,000	30,000	30,118	118
Payment in lieu of taxes . . . . .	9,000	9,000	9,029	29
Intergovernmental - state . . . . .	3,411,414	3,411,414	3,612,845	201,431
Total revenues . . . . .	<u>14,275,051</u>	<u>14,275,051</u>	<u>14,494,851</u>	<u>219,800</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,014,906	1,014,906	1,009,454	5,452
Special . . . . .	235,001	235,001	234,682	319
Vocational . . . . .	4,667,049	4,667,049	4,630,496	36,553
Other . . . . .	107,488	107,488	107,237	251
Support services:				
Pupil . . . . .	1,232,817	1,232,817	1,218,568	14,249
Instructional staff . . . . .	1,025,300	1,025,300	1,010,833	14,467
Board of education . . . . .	138,150	138,150	132,171	5,979
Administration . . . . .	1,152,009	1,152,009	1,105,975	46,034
Fiscal . . . . .	721,483	721,483	689,044	32,439
Operations and maintenance . . . . .	1,716,857	1,716,857	1,672,383	44,474
Pupil transportation . . . . .	35,727	35,727	31,284	4,443
Central . . . . .	333,148	333,148	331,038	2,110
Operation of non-instructional services:				
Other non-instructional services . . . . .	9,321	9,321	9,228	93
Extracurricular activities . . . . .	17,779	17,779	16,864	915
Total expenditures . . . . .	<u>12,407,035</u>	<u>12,407,035</u>	<u>12,199,257</u>	<u>207,778</u>
Excess of revenues over expenditures . . . . .	<u>1,868,016</u>	<u>1,868,016</u>	<u>2,295,594</u>	<u>427,578</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	5,000	5,000	8,127	3,127
Transfers in . . . . .	-	-	6,505	6,505
Transfers (out) . . . . .	(840,396)	(840,396)	(756,697)	83,699
Advances in . . . . .	150,000	150,000	235,933	85,933
Advances (out) . . . . .	(368,324)	(368,324)	(311,091)	57,233
Total other financing sources (uses) . . . . .	<u>(1,053,720)</u>	<u>(1,053,720)</u>	<u>(817,223)</u>	<u>236,497</u>
Net change in fund balance . . . . .	814,296	814,296	1,478,371	664,075
<b>Fund balance at beginning of year . . . . .</b>	<b>19,545,172</b>	<b>19,545,172</b>	<b>19,545,172</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>229,724</b>	<b>229,724</b>	<b>229,724</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 20,589,192</u></b>	<b><u>\$ 20,589,192</u></b>	<b><u>\$ 21,253,267</u></b>	<b><u>\$ 664,075</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments. . . . .	\$ 13,392	\$ 89,796
Receivables:		
Intergovernmental. . . . .	-	1,943
Total assets. . . . .	13,392	\$ 91,739
<b>Liabilities:</b>		
Intergovernmental payable . . . . .	-	\$ 488
Pension obligation payable. . . . .	-	328
Undistributed monies. . . . .	-	9,730
Due to students. . . . .	-	81,193
Total liabilities . . . . .	-	\$ 91,739
<b>Net position:</b>		
Held in trust for scholarships . . . . .	13,392	
Total net position. . . . .	\$ 13,392	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions . . . . .	\$ 3,000
<b>Deductions:</b>	
Scholarships awarded . . . . .	500
Change in net position . . . . .	2,500
<b>Net position at beginning of year. . . . .</b>	<b>10,892</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 13,392</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 1 - DESCRIPTION OF THE CAREER CENTER**

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

The Career Center was established in 1972. The Career Center serves Delaware County and other surrounding counties. It is staffed by 40 classified employees, 64 certified teaching personnel, and 13 administrative employees who provide services to 1,069 students and other community members. The Career Center currently operates two instructional/administration buildings.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

*Tri-Rivers Educational Computer Association (TRECA)*

The Career Center is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Governing Board of TRECA consists of one representative from each county, elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the Superintendent from Tri-Rivers Joint Vocational School. During fiscal year 2013, the Career Center paid \$39,411 to TRECA for various services. Financial information can be obtained from Mike Carder, Director, at 100 Executive Drive, Marion, Ohio 43302.

*Metropolitan Education Council (MEC)*

MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The Governing Board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the Governing Board. MEC is its own fiscal agent.

*Central Ohio Regional Professional Development Center*

The Central Ohio Regional Professional Development Center (the "Center") is a jointly governed organization among the school districts in Delaware, Licking, Franklin, Madison, Pickaway, and Union Counties. The Center was formed to advance the State Board of Education's mission that all students can learn by creating a high performance system of education. The Center's purpose is to provide long-term ongoing meaningful professional development for all education and school support personnel. The Center is governed by a twenty-two member Board made up of representatives from the participating school districts, the business community, and three institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Hugh Garside, Southwestern City School District, 2975 Kingston Avenue, Grove City, Ohio 43123.

*Work Force Preparation Regional Council of Governments*

The Work Force Preparation Regional Council of Governments (the "Council") is a jointly governed organization formed to apply for, administer, and deliver services in member districts pursuant to the Jobs for Ohio's Graduates (JOG) program and related, or similar, State and federal programs. The Council consists of fifteen members, three of which are representatives of the Career Center. The Council is supported by financial and in-kind contributions from its members, and from other revenue sources; including financial support received from the Career Center.



**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group 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 GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Ohio School Plan

The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool which is governed by a Board of thirteen school Superintendents, Business Managers and Treasurers. Harcum-Schuett, the insurance agency, has one Board seat. OSBA, BASA, and OASBO Executive Directors serve as ex-officio members. Four hundred and fifty educational entities are served by the Plan. The Plan's Board elects officers for one year terms to serve as the Board of Directors. The Board of Directors exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Harcum-Schuett Insurance Agency, Inc., 246 Sycamore Street, Columbus, Ohio 43206.

**B. Fund Accounting**

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The Career Center has no proprietary funds.

*GOVERNMENTAL FUNDS*

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

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

Permanent improvement fund - The permanent improvement capital projects fund accounts for levy collections used for the acquisition, construction, or improvement of capital facilities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Other governmental funds of the Career Center are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

**D. Basis of Accounting**

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net position by the Career Center that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Career Center that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

*Unearned Revenues* - Revenues received during fiscal year 2013 resulting from exchange transactions for which the Career Center has yet to provide the requisite services as of June 30, 2013 have been recorded as unearned revenue on both the government-wide and fund financial statements.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the financial statements as an expense with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

The specific timetable for fiscal year 2013 is as follows:

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer.

The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2013.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original and final appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2013.
9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

**F. Cash and Investments**

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

During fiscal year 2013, investments were limited to U.S. Government money markets, federal agency securities, negotiable certificates of deposit and nonnegotiable certificates of deposit.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$136,130, which includes \$33,670 assigned from other Career Center funds.

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

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

**G. Inventory**

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

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

Inventories consist of donated food, purchased food and non-food supplies.

**H. Capital Assets**

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 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:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	25 years
Buildings and improvements	10 - 100 years
Furniture and equipment	5 - 70 years
Vehicles	6 - 10 years

**I. Interfund Balances**

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

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and future retirement obligations that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans and capital lease obligations are recognized as a liability in the fund financial statements when due.

**L. Fund Balance**

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

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

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

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

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

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



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

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

**M. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Career Center had no net position restricted for enabling legislation. The amount restricted for other purposes represents amounts restricted for food service operations and adult education.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

**O. Estimates**

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

**P. Interfund Activity**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the Career Center has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Career Center's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the Career Center, the implementation of GASB Statement No. 65 has changed the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Career Center.

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Adult high school	\$ 302
Entry year programs	6

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

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

**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

At fiscal year end, the Career Center had \$422 in undeposited cash on hand which is included on the financial statements of the Career Center as part of “equity in pooled cash and investments”.

**B. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all Career Center deposits was \$14,786,289. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2013, \$2,976,452 of the Career Center’s bank balance of \$15,193,198 was exposed to custodial credit risk as discussed below, while \$12,216,746 was covered by the FDIC.

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

**C. Investments**

As of June 30, 2013, the Career Center had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 Months or Less	7 to 12 Months	13 to 18 Months	19 to 24 Months	Greater than 24 Months
Negotiable CD's	\$ 7,152,320	\$ 1,647,745	\$ 250,055	\$ 454,370	\$ 421,241	\$ 4,378,909
FNMA	4,157,098	-	-	-	-	4,157,098
FHLMC	976,440	-	-	-	-	976,440
FHLB	1,613,488	-	-	-	-	1,613,488
U.S. Government money market	2,506	2,506	-	-	-	-
Total	<u>\$ 13,901,852</u>	<u>\$ 1,650,251</u>	<u>\$ 250,055</u>	<u>\$ 454,370</u>	<u>\$ 421,241</u>	<u>\$ 11,125,935</u>

The weighted average maturity of investments is 3.55 years.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* The Career Center's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market was rated AAAM by Standard & Poor's. The negotiable certificates of deposit are not rated. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

*Concentration of Credit Risk:* The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Negotiable CD's	\$ 7,152,320	51.45
FNMA	4,157,098	29.90
FHLMC	976,440	7.02
FHLB	1,613,488	11.61
U.S. Government money market	2,506	0.02
Total	<u>\$ 13,901,852</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 14,786,289
Investments	13,901,852
Cash on hand	<u>422</u>
Total	<u>\$ 28,688,563</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 28,585,375
Private-purpose trust fund	13,392
Agency funds	<u>89,796</u>
Total	<u>\$ 28,688,563</u>

**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund loans receivable/payable consisted of the following at June 30, 2013, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 185,423</u>

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

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- B. Interfund transfers for the year ended June 30, 2013 consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent improvement fund	\$ 400,000
Nonmajor governmental funds	<u>336,697</u>
Total	<u>\$ 736,697</u>

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

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

All transfers made in fiscal year 2013 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Delaware, Franklin, Morrow, Union, and Marion Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$2,038,230 in the general fund and \$286,044 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,451,461 in the general fund and \$204,038 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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



**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 4,753,981,330	97.20	\$ 4,787,459,960	97.21
Public utility personal	<u>136,858,840</u>	<u>2.80</u>	<u>137,508,280</u>	<u>2.79</u>
Total	<u>\$ 4,890,840,170</u>	<u>100.00</u>	<u>\$ 4,924,968,240</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 3.20		\$ 3.20	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 11,065,043
Accounts	80,930
Accrued interest	30,118
Intergovernmental	<u>201,579</u>
Total	<u>\$ 11,377,670</u>

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

**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance <u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/13</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 542,956	\$ -	\$ -	\$ 542,956
Construction in progress	<u>35,000</u>	<u>340,502</u>	<u>(355,956)</u>	<u>19,546</u>
Total capital assets, not being depreciated	<u>577,956</u>	<u>340,502</u>	<u>(355,956)</u>	<u>562,502</u>
Capital assets, being depreciated:				
Land improvements	1,436,769	30,200	-	1,466,969
Buildings and improvements	14,244,021	545,898	-	14,789,919
Furniture and equipment	4,030,625	443,063	(3,637)	4,470,051
Vehicles	<u>288,928</u>	<u>-</u>	<u>-</u>	<u>288,928</u>
Total capital assets, being depreciated	<u>20,000,343</u>	<u>1,019,161</u>	<u>(3,637)</u>	<u>21,015,867</u>
Less: accumulated depreciation:				
Land improvements	(678,635)	(170,315)	-	(848,950)
Buildings and improvements	(3,035,979)	(214,004)	-	(3,249,983)
Furniture and equipment	(2,359,042)	(284,611)	3,637	(2,640,016)
Vehicles	<u>(264,433)</u>	<u>(5,569)</u>	<u>-</u>	<u>(270,002)</u>
Total accumulated depreciation	<u>(6,338,089)</u>	<u>(674,499)</u>	<u>3,637</u>	<u>(7,008,951)</u>
Governmental activities capital assets, net	<u>\$ 14,240,210</u>	<u>\$ 685,164</u>	<u>\$ (355,956)</u>	<u>\$ 14,569,418</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$ 30,345
Vocational	368,323
Adult/continuing	5,670
Support services:	
Pupil	4,254
Instructional staff	6,943
Board of education	1,795
Administration	18,627
Fiscal	340
Operations and maintenance	211,223
Central	5,309
Other non-instructional services	12,409
Food service operations	<u>9,261</u>
Total depreciation expense	<u>\$ 674,499</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

Capital assets consisting of copier equipment have been capitalized in the amount of \$151,726. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2013 for this equipment was \$45,518, leaving a current book value of \$106,208. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2013 totaled \$28,845 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 34,229
2015	34,229
2016	<u>34,230</u>
Total minimum lease payments	102,688
Less: amount representing interest	<u>(7,291)</u>
Total	<u>\$ 95,397</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. The changes in the Career Center's long-term obligations during the year consist of the following:

	Balance			Balance	Amounts
	<u>06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/13</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,319,210	\$ 194,414	\$ (196,158)	\$ 1,317,466	\$ 186,716
Building assistance loan	16,666	-	(16,666)	-	-
Capital lease obligations	<u>124,242</u>	<u>-</u>	<u>(28,845)</u>	<u>95,397</u>	<u>30,274</u>
Total governmental activities long-term liabilities	<u>\$ 1,460,118</u>	<u>\$ 194,414</u>	<u>\$ (241,669)</u>	<u>\$ 1,412,863</u>	<u>\$ 216,990</u>

*FY 1997 Building Assistance Loan* - On May 19, 1997, the Career Center obtained an interest free loan, in the amount of \$500,000, for remodeling school facilities. The loan was obtained under the authority of Ohio Revised Section 3317.22, for a sixteen year period, with final maturity during fiscal year 2013. The loan was retired through the bond retirement fund (a nonmajor governmental fund).

The compensated absences will be paid from the fund from which the employee is paid, which for the Career Center is primarily the general fund, the adult education fund (a nonmajor governmental fund), and the vocational education fund (a nonmajor governmental fund).

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

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$443,247,142 and an unvoted debt margin of \$4,924,968.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability**

For fiscal year 2013, the Career Center participated in the Ohio School Plan (the "Plan"), an insurance purchasing pool (Note 2.A). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Career Center obtained the following insurance coverage:

Coverage provided by Ohio School Plan is as follows:

Automobile Liability	\$ 2,000,000
General School Career Center Liability	
Per Occurrence	3,000,000
Total Per Year	5,000,000
Buildings and Contents	32,310,379

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

**B. Workers' Compensation Plan**

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP"), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

**C. Health Care Benefits**

The Career Center offers health insurance to most employees through United Healthcare. Dental insurance, vision insurance, and life insurance are also offered through various vendors to Career Center employees. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "*Employers/Audit Resources*".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$320,632, \$294,698 and \$289,746, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Career Center participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "*Publications*".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - PENSION PLANS - (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor 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 - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$728,146, \$748,418 and \$776,918, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$38,234 made by the Career Center and \$27,310 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. 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 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The 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 on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$23,475, \$38,829 and \$73,399, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$18,112, \$17,403 and \$18,646, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Career Center contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$56,011, \$57,571 and \$59,763, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.



**DELAWARE AREA CAREER CENTER  
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**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 1,478,371
Net adjustment for revenue accruals	404,928
Net adjustment for expenditure accruals	6,309
Net adjustment for other sources/uses	80,526
Funds budgeted elsewhere	2,706
Adjustment for encumbrances	293,604
GAAP basis	<u>\$ 2,266,444</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund and wellness fund as well as portions of the public school support fund, rotary fund and district agency fund.

**DELAWARE AREA CAREER CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**NOTE 16 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	88,085
Current year qualifying expenditures	(27,585)
Current year offsets	<u>(1,897,248)</u>
Total	<u>\$ (1,836,748)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

**DELAWARE AREA CAREER CENTER  
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**NOTE 17 - COMMITMENTS**

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

<u>Fund</u>	<u>Year End Encumbrances</u>
General	\$ 327,870
Permanent improvement	251,673
Nonmajor governmental funds	<u>120,169</u>
 Total	 <u>\$ 699,712</u>

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