



Dave Yost • Auditor of State

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Portage Lakes Career Center, Summit County, Ohio (the Career Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Portage Lakes Career Center, Summit County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2014, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

September 22, 2014

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Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The discussion and analysis of the Portage Lakes 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, 2014. The intent of this discussion and analysis is to look at the Career Center's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position increased \$393,814, which represents a 3 percent increase from 2013.
- Capital assets increased \$1,864,301 due to the completion of a facilities upgrade project that began during fiscal year 2013.
- During the year, outstanding debt decreased from \$200,003 to \$166,670 due to principal payments made by the Career Center.

Using this Annual Report

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the Career Center's programs and services, including instruction, support services, and extracurricular activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 15. 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 the adult education fund.

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

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for some of 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 two agency funds. The Career Center's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 21 and 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.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The Career Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities	
	2014	2013
Assets		
Current and Other Assets	\$ 12,119,910	\$ 14,718,560
Capital Assets	7,752,308	5,888,007
<i>Total Assets</i>	19,872,218	20,606,567
Liabilities		
Other Liabilities	892,723	1,757,011
Long-Term Liabilities	624,761	648,568
<i>Total Liabilities</i>	1,517,484	2,405,579
Deferred Inflows of Resources	2,643,063	2,883,131
Net Position		
Net Investment in Capital Assets	7,555,156	4,788,940
Restricted	469,203	633,098
Unrestricted	7,687,312	9,895,819
<i>Total Net Position</i>	\$ 15,711,671	\$ 15,317,857

At year end, capital assets represented 39 percent of total assets. Capital assets include land, land improvements, buildings, furniture and equipment, and vehicles. Net investment in capital assets was \$7,555,156 at June 30, 2014. These capital assets are used to provide services to students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$469,203, or 3 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position of \$7,687,312 may be used to meet the government's ongoing obligations to students and creditors.

The Career Center began a \$3.9 million facilities upgrade construction project in fiscal year 2013. This project carried over to fiscal year 2014 and therefore caused a \$2,598,650 decrease in current assets, as cash was used for construction. Other liabilities have decreased as the Career Center has completed this project during 2014 and completed contracts related to the construction project.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities	
	2014	2013
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,263,012	\$ 1,266,083
Operating Grants	414,274	416,265
<i>Total Program Revenues</i>	<u>1,677,286</u>	<u>1,682,348</u>
<i>General Revenues:</i>		
Property Taxes	3,322,872	2,799,858
Grants and Entitlements Not Restricted	2,873,065	2,900,219
Other	86,282	37,690
<i>Total General Revenues</i>	<u>6,282,219</u>	<u>5,737,767</u>
<i>Total Revenues</i>	<u>7,959,505</u>	<u>7,420,115</u>
Program Expenses		
Instruction:		
Regular	587,109	435,333
Special	319,801	300,818
Vocational	3,626,760	3,624,205
Adult/Continuing	826,858	943,066
Other	1,433	6,946
Support Services:		
Pupils	328,359	342,330
Instructional Staff	88,906	270,681
Board of Education	22,798	20,066
Administration	676,410	716,947
Fiscal	426,247	428,147
Operation and Maintenance of Plant	487,254	501,057
Pupil Transportation	45,253	53,905
Central	111,175	95,757
Extracurricular Activities	17,328	43,953
<i>Total Expenses</i>	<u>7,565,691</u>	<u>7,783,211</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ 393,814</u>	<u>\$ (363,096)</u>

There was a \$393,814 increase in net position for fiscal year 2014.

There was a \$539,390 increase in total revenue. This consists of a \$523,014 increase in property tax revenue partially due to an increase in taxes available for advance, which can vary based on when the tax bills are sent, as well as a reduction in school foundation payments and an increase in career technical education allocation payments received from the State of Ohio.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The increase in regular instruction is primarily due to lease payments made for Apple iPads during fiscal year 2014. This lease was entered into in fiscal year 2013, with payments beginning and ending in fiscal year 2014. The decrease in instructional staff expense was largely due to the purchase of online software that expanded course offerings to students during 2013.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2014	2013	2014	2013
Instruction:				
Regular	\$ 587,109	\$ 435,333	\$ 587,109	\$ 435,333
Special	319,801	300,818	319,801	300,818
Vocational	3,626,760	3,624,205	2,847,323	2,930,939
Adult/Continuing	826,858	943,066	86,644	88,418
Other	1,433	6,946	1,433	6,946
Support Services:				
Pupils	328,359	342,330	200,697	221,145
Instructional Staff	88,906	270,681	87,574	267,727
Board of Education	22,798	20,066	22,798	20,066
Administration	676,410	716,947	666,597	706,652
Fiscal	426,247	428,147	426,247	428,147
Operation and Maintenance of Plant	487,254	501,057	487,254	501,057
Pupil Transportation	45,253	53,905	45,253	53,905
Central	111,175	95,757	111,175	95,757
Extracurricular Activities	17,328	43,953	(1,500)	43,953
<i>Total Expenses</i>	<u>\$ 7,565,691</u>	<u>\$ 7,783,211</u>	<u>\$ 5,888,405</u>	<u>\$ 6,100,863</u>

The dependence upon general revenues for governmental activities is apparent. Over 77 percent of governmental activities are supported through taxes and other general revenues; such revenues are 79 percent of total governmental revenues. The community, as a whole, is by far the primary support for the Career Center students.

Governmental Funds

Information about the Career Center's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,971,143 and expenditures of \$9,457,609 for the fiscal year.

The general fund's net change in fund balance for fiscal year 2014 was a decrease of \$1,324,330. This decrease is largely due to the facilities upgrade project that was completed during fiscal year 2014.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

The Adult Education fund balance decreased by \$162,136. This is primarily due to the Career Center charging some renovation project costs to this fund.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the Career Center did not amend its general fund budget. The Career Center uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$6,771,627, which was higher than the final budget basis revenue by \$89,636.

Final expenditure appropriations of \$9,832,490 were \$495,417 higher than the actual expenditures of \$9,337,073 as cost savings were recognized within capital outlay throughout the year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the Career Center had \$7,752,308 invested in capital assets. Table 4 shows fiscal year 2014 balances compared with 2013.

Table 4
Capital Assets at June 30
Net of Depreciation

	Governmental Activities	
	2014	2013
Land	\$ 195,190	\$ 195,190
Construction in Progress	0	1,773,050
Land Improvements	464,433	491,212
Buildings and Building Improvements	6,446,634	2,729,977
Furniture and Fixtures	616,740	662,385
Vehicles	29,311	36,193
<i>Totals</i>	\$ 7,752,308	\$ 5,888,007

The \$1,864,301 increase in capital assets was attributable to additional purchases exceeding current year depreciation. This is due to completion of the facilities upgrade project that began in 2013. See Note 6 for more information about the capital assets of the Career Center.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Debt

At June 30, 2014, the Career Center had \$166,670 in debt outstanding. See Note 12 for additional details. Table 5 summarizes loans outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2014	2013
Loans Payable:		
Vocational School Building Assistance	\$ 166,670	\$ 200,003

Current Issues

Portage Lakes Career Center receives over half of its total General Fund revenue from the Ohio Department of Education. The career-technical education formula was significantly altered by the biennial budget which took effect during the 2014 fiscal period. The bottom-line effect of the formula modification resulted in virtually no bottom-line effect on revenue. The Career Center receives additional revenue for being on the state guarantee. In fiscal year 2014, the revenue related to the guarantee was \$216,680. The Career Center also receives a significant amount of revenue in open enrollment from the four districts served. In fiscal year 2014, the open enrollment amount totaled \$702,043. Full-time enrollment has remained steady for the past several years, while the number of total students served has increased as a result of expanded satellite programs.

The Career Center, in turn, relies on its local property taxpayers for the four districts served. The only operating levy was passed in 1983, for 4.35 mills, on a continuing basis. The effective rate of that levy, relative to Class #1 and Class #2 real estate, is near the statutory minimum of 2 mills. There are no new proposed levies for the forecast period, and it is the intent of current management to continue to operate the Center in a manner which is responsible and sustainable, resulting in no additional sacrifices being necessary from taxpayers.

The Career Center recently completed a comprehensive \$3.9 million renovation project of its main facility on Shriver Road. The Career Center paid for the project from existing reserves, resulting in a temporary erosion of fund balance. The first phase of the project was approved as an energy conservation project, under House Bill 264. The second phase of the project did not fit within the guidelines of the approved HB264 piece; however, the upgrades and renovations related to the second phase were still deemed to be of great value and significance. Following the completion of the comprehensive upgrades, management expects a significant decrease in utility costs. Management also believes the generational upgrades will help ensure the main building of the Career Center will continue to serve students and staff for decades to come.

Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014

Portage Lakes Career Center was a party to a \$14.99 million consortium application to the Straight A Grant Fund. Subsequent to the conclusion of the 2014 fiscal year, the consortium application was approved by the Straight A Governing Board, resulting in Portage Lakes Career Center receiving approximately \$1.5 million in grant funds in the upcoming fiscal period. The purpose of the grant will be to replicate the Robotics and Advanced Manufacturing Technology Education Collaborative (RAMTEC) center at Tri-Rivers Career Center.

The five-year forecast projects positive carryover balances in the general fund for the next five years. This is contingent on the state guarantee remaining in place, and also assumes the revenue derived from open enrollment continues at current levels.

The Career Center's systems of budgeting and internal controls are well regarded. The Career Center's healthy financial reserves will help the Center continue to serve its mission. The Career Center's focus on sustainability has resulted in the Center maintaining solid finances, while also improving facilities and overall academic achievement.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Christopher Wright, Treasurer/CFO of Portage Lakes Career Center, 4401 Shriver Road, Uniontown, Ohio 44685 or CWright@plcc.edu.

Portage Lakes Career Center
Summit County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 8,969,922
Receivables:	
Property Taxes	3,149,988
Nondepreciable Capital Assets	195,190
Depreciable Capital Assets (Net)	7,557,118
<i>Total Assets</i>	19,872,218
Liabilities	
Accounts Payable	23,294
Accrued Wages and Benefits	694,465
Contracts Payable	30,482
Intergovernmental Payable	106,378
Accrued Vacation Leave Payable	22,851
Matured Compensated Absences Payable	15,253
Long Term Liabilities:	
Due Within One Year	89,180
Due In More Than One Year	535,581
<i>Total Liabilities</i>	1,517,484
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	2,643,063
Net Position	
Net Investment in Capital Assets	7,555,156
Restricted For:	
Adult Education	469,188
Other Purposes	15
Unrestricted	7,687,312
<i>Total Net Position</i>	\$ 15,711,671

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
			Governmental Activities	
Governmental Activities				
Instruction:				
Regular	\$ 587,109	\$ 0	\$ 0	\$ (587,109)
Special	319,801	0	0	(319,801)
Vocational	3,626,760	777,637	1,800	(2,847,323)
Adult/Continuing	826,858	466,547	273,667	(86,644)
Other	1,433	0	0	(1,433)
Support Services:				
Pupils	328,359	0	127,662	(200,697)
Instructional Staff	88,906	0	1,332	(87,574)
Board of Education	22,798	0	0	(22,798)
Administration	676,410	0	9,813	(666,597)
Fiscal	426,247	0	0	(426,247)
Operation and Maintenance of Plant	487,254	0	0	(487,254)
Pupil Transportation	45,253	0	0	(45,253)
Central	111,175	0	0	(111,175)
Extracurricular Activities	17,328	18,828	0	1,500
Total	\$ 7,565,691	\$ 1,263,012	\$ 414,274	(5,888,405)

General Revenues

Property Taxes Levied for:

General Purposes	3,322,872
Grants and Entitlements Not Restricted to Specific Programs	2,873,065
Investment Earnings	69,229
Miscellaneous	17,053

Total General Revenues 6,282,219

Change in Net Position 393,814

Net Position Beginning of Year 15,317,857

Net Position End of Year \$ 15,711,671

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 8,399,367	\$ 531,833	\$ 15	\$ 8,931,215
Restricted Cash and Cash Equivalents	38,707	0	0	38,707
Receivables:				
Property Taxes	3,149,988	0	0	3,149,988
<i>Total Assets</i>	<u>\$ 11,588,062</u>	<u>\$ 531,833</u>	<u>\$ 15</u>	<u>\$ 12,119,910</u>
Liabilities				
Accounts Payable	\$ 12,730	\$ 10,564	\$ 0	\$ 23,294
Accrued Wages and Benefits	664,049	30,416	0	694,465
Contracts Payable	30,482	0	0	30,482
Intergovernmental Payable	101,650	4,728	0	106,378
Matured Compensated Absences Payable	15,253	0	0	15,253
<i>Total Liabilities</i>	<u>824,164</u>	<u>45,708</u>	<u>0</u>	<u>869,872</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	2,643,063	0	0	2,643,063
Unavailable Revenue	102,423	0	0	102,423
<i>Total Deferred Inflows of Resources</i>	<u>2,745,486</u>	<u>0</u>	<u>0</u>	<u>2,745,486</u>
Fund Balances				
Restricted	38,707	486,125	15	524,847
Committed	11,000	0	0	11,000
Assigned	92,302	0	0	92,302
Unassigned	7,876,403	0	0	7,876,403
<i>Total Fund Balances</i>	<u>8,018,412</u>	<u>486,125</u>	<u>15</u>	<u>8,504,552</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$ 11,588,062</u>	<u>\$ 531,833</u>	<u>\$ 15</u>	<u>\$ 12,119,910</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		\$ 8,504,552
 <i>Amounts reported for governmental activities in 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.		7,752,308
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes		102,423
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		
Loan Payable	\$ (166,670)	
Accrued Vacation Leave Payable	(22,851)	
Compensated Absences	(458,091)	
Total	(647,612)	(647,612)
 <i>Net Position of Governmental Activities</i>		\$ 15,711,671

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 3,334,509	\$ 0	\$ 0	\$ 3,334,509
Intergovernmental	2,873,064	214,873	199,401	3,287,338
Investment Income	69,229	0	0	69,229
Tuition and Fees	770,917	466,548	0	1,237,465
Extracurricular Activities	18,828	0	0	18,828
Charges for Services	5,197	0	0	5,197
Miscellaneous	9,120	9,457	0	18,577
<i>Total Revenues</i>	<u>7,080,864</u>	<u>690,878</u>	<u>199,401</u>	<u>7,971,143</u>
Expenditures				
Current:				
Instruction:				
Regular	593,587	0	0	593,587
Special	316,617	0	0	316,617
Vocational	3,251,844	27,061	1,800	3,280,705
Adult/Continuing	0	775,953	58,794	834,747
Other	1,433	0	0	1,433
Support Services:				
Pupils	200,141	0	127,912	328,053
Instructional Staff	87,574	0	1,332	88,906
Board of Education	22,798	0	0	22,798
Administration	662,716	30,000	9,563	702,279
Fiscal	406,805	20,000	0	426,805
Operation and Maintenance of Plant	433,024	0	0	433,024
Pupil Transportation	45,253	0	0	45,253
Central	110,614	0	0	110,614
Extracurricular Activities	17,328	0	0	17,328
Capital Outlay	2,222,127	0	0	2,222,127
Debt Service:				
Principal Retirement	0	0	33,333	33,333
<i>Total Expenditures</i>	<u>8,371,861</u>	<u>853,014</u>	<u>232,734</u>	<u>9,457,609</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,290,997)</u>	<u>(162,136)</u>	<u>(33,333)</u>	<u>(1,486,466)</u>
Other Financing Sources (Uses)				
Transfers In	0	0	33,333	33,333
Transfers Out	(33,333)	0	0	(33,333)
<i>Total Other Financing Sources (Uses)</i>	<u>(33,333)</u>	<u>0</u>	<u>33,333</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,324,330)	(162,136)	0	(1,486,466)
<i>Fund Balances Beginning of Year</i>	<u>9,342,742</u>	<u>648,261</u>	<u>15</u>	<u>9,991,018</u>
<i>Fund Balances End of Year</i>	<u>\$ 8,018,412</u>	<u>\$ 486,125</u>	<u>\$ 15</u>	<u>\$ 8,504,552</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit 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, 2014

Net Change in Fund Balances - Total Governmental Funds	\$	(1,486,466)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 2,214,734	
Current Year Depreciation	<u>(350,433)</u>	
Total		1,864,301
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes		(11,638)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		33,333
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(9,526)	
Accrued Vacation Leave Payable	<u>3,810</u>	
Total		<u>(5,716)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>393,814</u></u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 3,025,882	\$ 3,025,882	\$ 3,064,435	\$ 38,553
Intergovernmental	2,836,919	2,836,919	2,873,064	36,145
Investment Income	38,220	38,220	38,707	487
Tuition and Fees	761,218	761,218	770,917	9,699
Miscellaneous	19,752	19,752	24,504	4,752
<i>Total Revenues</i>	6,681,991	6,681,991	6,771,627	89,636
Expenditures				
Current:				
Instruction:				
Regular	641,560	641,560	609,235	32,325
Special	326,119	326,119	309,687	16,432
Vocational	3,439,386	3,439,386	3,266,090	173,296
Other	3,615	3,615	3,433	182
Support Services:				
Pupils	218,844	218,844	207,817	11,027
Instructional Staff	92,396	92,396	87,741	4,655
Board of Education	24,882	24,882	23,628	1,254
Administration	714,465	714,465	678,466	35,999
Fiscal	430,166	430,166	408,492	21,674
Operation and Maintenance of Plant	459,158	459,158	436,023	23,135
Pupil Transportation	54,773	54,773	52,013	2,760
Central	116,482	116,482	110,613	5,869
Capital Outlay	3,310,644	3,310,644	3,143,835	166,809
<i>Total Expenditures</i>	9,832,490	9,832,490	9,337,073	495,417
<i>Excess of Revenues Over (Under) Expenditures</i>	(3,150,499)	(3,150,499)	(2,565,446)	585,053
Other Financing Sources (Uses)				
Transfers Out	(33,333)	(33,333)	(33,333)	0
<i>Net Change in Fund Balance</i>	(3,183,832)	(3,183,832)	(2,598,779)	585,053
<i>Fund Balance Beginning of Year</i>	7,658,489	7,658,489	7,658,489	0
Prior Year Encumbrances Appropriated	3,165,820	3,165,820	3,165,820	0
<i>Fund Balance End of Year</i>	\$ 7,640,477	\$ 7,640,477	\$ 8,225,530	\$ 585,053

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Over (Under)
Revenues				
Intergovernmental	\$ 380,993	\$ 380,993	\$ 214,873	\$ (166,120)
Tuition and Fees	827,239	827,239	466,548	(360,691)
Miscellaneous	16,768	16,768	9,457	(7,311)
<i>Total Revenues</i>	<u>1,225,000</u>	<u>1,225,000</u>	<u>690,878</u>	<u>(534,122)</u>
Expenditures				
Current:				
Instruction:				
Vocational	42,482	33,798	30,648	3,150
Adult/Continuing	1,111,270	884,120	801,717	82,403
Support Services:				
Administration	41,583	33,083	30,000	3,083
Fiscal	27,722	22,056	20,000	2,056
<i>Total Expenditures</i>	<u>1,223,057</u>	<u>973,057</u>	<u>882,365</u>	<u>90,692</u>
<i>Net Change in Fund Balance</i>	1,943	251,943	(191,487)	(443,430)
<i>Fund Balance Beginning of Year</i>	601,509	601,509	601,509	0
Prior Year Encumbrances Appropriated	98,057	98,057	98,057	0
<i>Fund Balance End of Year</i>	<u>\$ 701,509</u>	<u>\$ 951,509</u>	<u>\$ 508,079</u>	<u>\$ (443,430)</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 250	\$ 107,065
Cash and Cash Equivalents in Segregated Accounts	29,538	0
Accounts Receivable	1,333	0
<i>Total Assets</i>	31,121	\$ 107,065
Liabilities		
Due to Students	0	\$ 107,065
Net Position		
Held in Trust for Scholarships	\$ 31,121	

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
Additions	
Gifts and Contributions	\$ 15,996
Investment Earnings	7
	16,003
<i>Total Additions</i>	<i>16,003</i>
Deductions	
Payments in Accordance with Trust Agreements	19,650
	(3,647)
<i>Change in Net Position</i>	<i>(3,647)</i>
<i>Net Position Beginning of Year</i>	<i>34,768</i>
<i>Net Position End of Year</i>	<i>\$ 31,121</i>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 - Description of the Career Center and Reporting Entity

The Portage Lakes Joint Vocational School also known as the Portage Lakes Career Center (the “Career Center”) is a vocational high school.

Joint Vocational Career Centers were created by the legislature as one means by which a Career Center can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has four member School Districts. They are: Green Local, Manchester Local, Springfield Local, and Coventry Local Schools.

The Portage Lakes Career Center’s Board of Education consists of nine board members. Each local School District is represented by two board members elected from the membership of their local board. Green Local Schools are represented by three board members. Each year, the member School Districts elect or assign board members to represent their board on the Career Center’s Board of Education.

Reporting Entity

The Portage Lakes Career Center is a Career Center governed by an appointed Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center.

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

The Career Center participates in two jointly governed organizations and three public entity risk pools. These organizations are the Northeastern Ohio Network for Educational Technology, the Interval Opportunity School, the Stark County Schools Council of Government and the Ohio School Comp Workers’ Compensation Group Rating Program and the Ohio School Plan. These organizations are presented in Notes 8 and 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (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 most significant of the Career Center's accounting policies are described below.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Adult Education Fund This fund accounts for transactions made in connection with adult education programs.

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

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 Career Center's only trust fund is a private purpose trust fund, which accounts for several 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 only agency fund accounts for student activities.

C. Measurement Focus

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

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

Private purpose trust funds are 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 basic financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources A deferred inflow of resources is an acquisition of assets by the Career Center that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets 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, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources in governmental funds.

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

On the accrual basis of accounting, unamortized deferred charges on debt refunding are reported as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

E. Cash and Investments

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statement. The Career Center has segregated a portion of cash balances, reported as "cash and cash equivalents in segregated accounts" which is used for the scholarships.

During fiscal year 2014, investments were limited to STAR Ohio, money markets, U.S. government agency notes, U.S. treasury notes, and commercial paper. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$69,229 which includes \$4,166 assigned from other Career Center funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for budget stabilization. See Note 16 for additional information regarding set-asides.

G. Capital Assets

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

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Description	Estimated Lives
Land Improvements	15 - 30 Years
Buildings	30 - 60 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 15 Years

H. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

I. Accrued Liabilities and Long-Term Obligations

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

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

J. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on 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. At June 30, 2014, there was no net position restricted by enabling legislation.

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

K. Fund Balance

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

L. 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. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net position. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Estimates

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

N. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual 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 2014.

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P. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2014, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the Career Center's fiscal year 2014 financial statements; however, there was no effect on beginning net position/fund balance.

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

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Career Center.

Note 3 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a restricted or assigned fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and adult education fund.

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Net Change in Fund Balance

	General Fund	Adult Education Fund
GAAP Basis	\$ (1,324,330)	\$ (162,136)
Net Adjustment for Revenue Accruals	(285,212)	0
Net Adjustment for Expenditure Accruals	(1,108,662)	(53,105)
Funds Budgeted Elsewhere **	(7,092)	0
Adjustment for Encumbrances	126,517	23,754
Budget Basis	<u>\$ (2,598,779)</u>	<u>\$ (191,487)</u>

**As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes public school support funds and the rotary fund.

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.

Protection of the 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.

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;

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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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain 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.

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.

Custodial credit risk for deposits is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of Career Center cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of 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. These securities, held by the counterparty and not in the Career Center's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The Career Center's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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Deposits At fiscal year-end, the carrying amount of the Career Center's deposits were \$1,375,831, which includes \$500 in petty cash, and the bank balance was \$1,395,889. Of the bank balance:

1. \$250,000 of the bank balance was covered by depository insurance; and
2. \$1,145,889 was uninsured and uncollateralized. Although securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State 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.

Investments

Investments are reported at fair value. As of June 30, 2014, the Career Center had the following investments:

	Fair Value	Maturity				% of Investments
		0-12 Months	13-24 Months	25-36 Months	37-48 Months	
First American Treasury						
Money Market	\$ 8,301	\$ 8,301	\$ 0	\$ 0	\$ 0	0.11%
Commercial Paper	654,950	654,950	0	0	0	8.47%
STAR Ohio	202,538	202,538	0	0	0	2.62%
Federal Farm Credit Corp	200,226	0	200,226	0	0	2.59%
Federal Home Loan Bank	756,498	0	488,633	267,865	0	9.79%
Federal Home Loan Mtg	1,850,889	0	0	851,839	999,050	23.94%
Federal National Mtg Assoc	4,017,491	0	1,835,159	1,715,523	466,809	51.96%
U.S. Treasury Note	40,051	0	40,051	0	0	0.52%
Total	<u>\$ 7,730,944</u>	<u>\$ 865,789</u>	<u>\$ 2,564,069</u>	<u>\$ 2,835,227</u>	<u>\$ 1,465,859</u>	<u>100.00%</u>

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center's policy is to follow State statute which is to invest funds with the highest interest rate bid.

Credit Risk: Standard and Poor's has rated the U.S. government agency notes as AA+, U.S. treasury notes as AA+, and commercial paper as A-1. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2014, is 51 days and carries a rating of AAAM by Standard and Poor's.

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 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.

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Concentration of Credit Risk: The Career Center's investment policy authorizes the Treasurer to invest a maximum of 25 percent of interim funds in either or a combined total of commercial paper and bankers acceptances. This is the only limit placed on the amount that may be invested in any one issuer. The table above includes the percentage of total of each investment type held by the Career Center at June 30, 2014.

Note 5 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Career Center receives property taxes from Summit County. The County Fiscal Officer periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent. The amount available as an advance at June 30, 2014 was \$404,502 in the general fund. The amount available as an advance at June 30, 2013, was \$134,428 in the general 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, 2014 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.

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.

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The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections Valuation	%	2014 First Half Collections Valuation	%
Real Estate	\$ 1,446,030,050	97.17%	\$ 1,453,161,790	96.95%
Public Utility Personal Property	42,120,400	2.83%	45,745,480	3.05%
Total Assessed Valuation	\$ 1,488,150,450	100.00%	\$ 1,498,907,270	100.00%
Full Tax rate per \$1,000 of assessed valuation	\$ 4.35		\$ 4.35	

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 was as follows:

	Balance 6/30/13	Additions	Reductions	Balance 6/30/14
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 195,190	\$ 0	\$ 0	\$ 195,190
Construction in Progress	1,773,050	2,181,834	(3,954,884)	0
Total Capital Assets, not being depreciated	1,968,240	2,181,834	(3,954,884)	195,190
<i>Capital Assets, being depreciated:</i>				
Land Improvements	581,714	0	0	581,714
Buildings	7,486,907	3,954,884	0	11,441,791
Furniture and Equipment	1,868,450	32,900	0	1,901,350
Vehicles	61,173	0	0	61,173
Total Capital Assets, being depreciated	9,998,244	3,987,784	0	13,986,028
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(90,502)	(26,779)	0	(117,281)
Buildings	(4,756,930)	(238,227)	0	(4,995,157)
Furniture and Equipment	(1,206,065)	(78,545)	0	(1,284,610)
Vehicles	(24,980)	(6,882)	0	(31,862)
Total Accumulated Depreciation	(6,078,477)	(350,433)	0	(6,428,910)
Total Capital Assets being depreciated, net	3,919,767	3,637,351	0	7,557,118
Governmental Activities Capital Assets, Net	\$ 5,888,007	\$ 5,819,185	\$(3,954,884)	\$ 7,752,308

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Depreciation expense was charged to governmental functions as follows:

Instruction:		
Vocational	\$	328,987
Support Services:		
Administration		3,991
Operation and Maintenance of Plant		<u>17,455</u>
Total Depreciation	\$	<u>350,433</u>

Note 7 - Receivables

Receivables at June 30, 2014 consisted of property taxes. Taxes receivable is considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

Note 8 - Risk Management

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Career Center maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

The Career Center participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating School Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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. The workers' compensation experience of the participating School Districts is calculated as one experience and a common premium rate is applied to all School Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to School Districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

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C. Ohio School Plan

The Career Center participates in the Ohio School Plan (the “Plan”), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan’s business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Group, Inc. is the Plan’s administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

D. Employee Medical Benefits

The Career Center is a member of the Stark County Schools Council of Government (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the “Program”) is an employee health benefit plan which covers the participating members’ employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating Career Centers. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The Career Center accounts for the premiums paid as expenditures in the general or applicable fund.

Note 9 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 315 days. Employees shall receive severance pay equal to 25 percent of 260 days plus 10 percent of accumulated sick leave between 261 and the maximum sick leave.

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The Career Center contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

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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 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 2014, 13.05 percent and .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 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, 2014, 2013 and 2012 were \$107,776, \$164,866 and \$134,367, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

B. State Teachers Retirement System

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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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.

A DB or Combined Plan member with five or more years of 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 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 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$433,348, \$476,625 and \$493,299, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 are available upon request.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 11 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The Career Center participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 plan 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 Ohio Revised Code Section 3309.69. 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 (the latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. 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 SERS' website at www.ohsers.org under Employers/Audit Resources.

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 fiscal year 2014, 0.14 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 2014, the actuarially determined amount was \$20,250.

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Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$5,243, \$14,869 and \$15,130, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$6,253, \$9,313 and \$7,935; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

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 fiscal year 2014, 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, 2014, 2013, and 2012 were \$33,334, \$36,664 and \$37,946, respectively; 85 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

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Note 12 - Long - Term Obligations

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

	<u>Outstanding</u> <u>6/30/2013</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>6/30/2014</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental Activities:					
Loan Payable:					
Vocational School Building Assistance Due 6/24/19, 0%	\$ 200,003	\$ 0	\$ 33,333	\$ 166,670	\$ 33,334
Compensated Absences	<u>448,565</u>	<u>34,779</u>	<u>25,253</u>	<u>458,091</u>	<u>55,846</u>
Total Governmental Activities Long-Term Liabilities	<u>\$ 648,568</u>	<u>\$ 34,779</u>	<u>\$ 58,586</u>	<u>\$ 624,761</u>	<u>\$ 89,180</u>

In 2004, the Career Center received a \$500,000 interest free loan from the Ohio School Facilities program, which was subsequently used to pay off an improvement note. The retirement of the loan will be made through the debt service fund.

Compensated absences will be paid from the fund in which the employee is paid. In prior years, this fund has primarily been the general fund.

Principal requirements to retire the loan outstanding at June 30, 2014 are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Loan</u> <u>Principal</u>
2015	\$ 33,334
2016	33,334
2017	33,334
2018	33,334
2019	<u>33,334</u>
Totals	<u>\$ 166,670</u>

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 13 - Jointly Governed Organizations

A. Northeastern Ohio Network for Educational Technology

The Northeastern Ohio Network for Educational Technology (NEONET) is a jointly governed organization comprised of 27 members. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for members. Each of the governments of these members supports NEONET based on a per pupil charge dependent upon the software package utilized. The NEONET assembly consists of a superintendent or designated representative from each participating member and a representative from the fiscal agent. NEONET is governed by a board of directors chosen from the general membership of the NEONET assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating members are located. Financial information can be obtained by contacting the Treasurer at the Summit County Educational Service Center which serves as fiscal agent, located at 420 Washington Avenue, Suite 200, Cuyahoga Falls, Ohio 44221. During the year ended June 30, 2014, the Career Center paid \$25,736 to NEONET for basic service charges.

B. Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public participants. The function of the School is to provide “at risk students” with possibly a last and a better opportunity to succeed in both their academic and social maturation. Each member Career Center pays an annual fee based on the number of students serviced by the school. The Career Center paid \$11,282 to the School in fiscal year 2014 for services. The Summit County Education Service Center serves as the fiscal agent of the School. The continued existence of the School is not dependent on the Career Center’s continued participation and no equity interest exists.

Note 14 – Contingencies and Significant Commitments

A. Grants

The Career Center received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

The Career Center is not party to any claims or lawsuits that would, in the Career Center’s opinion, have a material effect of the basic financial statements.

C. Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$92,302 in the general fund and \$14,993 in the adult education fund.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 15 - Interfund Transfers

Transfers made during fiscal year 2014 were as follows:

Funds	Transfer In	Transfer Out
General Fund	\$ 0	\$ 33,333
Other Nonmajor Governmental Funds	<u>33,333</u>	<u>0</u>
Total	<u>\$ 33,333</u>	<u>\$ 33,333</u>

The general fund transferred \$33,333 to the debt service fund to cover principal paid on the outstanding loan.

Note 16 - Set-Asides

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

Effective April 10, 2001, Senate Bill 345 eliminated the requirement that the Career Center establish and maintain a budget stabilization reserve. The monies which do not represent the Bureau of Workers Compensation (BWC) refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the Career Center's Board of Education.

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

	Budget Stabilization	Capital Improvement	Totals
Set-Aside Reserve Balance as of June 30, 2013	\$ 185,120	\$ 0	\$ 185,120
Current Year Set-Aside Requirement	0	73,346	73,346
Current Year Qualifying Expenditures	<u>0</u>	<u>(3,260,353)</u>	<u>(3,260,353)</u>
Total	<u>\$ 185,120</u>	<u>\$ (3,187,007)</u>	<u>\$ (3,001,887)</u>
Balance Carried Forward to FY 2015	<u>\$ 185,120</u>	<u>\$ 0</u>	<u>\$ 185,120</u>
Set-Aside Reserve Balance June 30, 2014			<u>\$ 38,707</u>

The Career Center had qualifying disbursements during the year that reduced the capital improvements set-aside below zero. This extra amount may not be used to reduce the set-aside requirement of future years. Negatives are therefore not presented as being carried forward to the next fiscal year. The total reserve balance for the set-asides at the end of the fiscal year was \$185,120. Of the \$185,120, \$38,707 represents BWC refunds which are reported as a restricted fund balance. The remaining amount of \$146,413 is reported as unassigned for budget stabilization since the requirements that initially established the reserve were not specific to its use.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 17 – Fund Balance

Fund balance can be classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Adult Education	Other Governmental Funds	Total
Restricted for:				
Adult Education	\$ 0	\$ 486,125	\$ 0	\$ 486,125
BWC Refund	38,707	0	0	38,707
Other Purposes	0	0	15	15
Total Restricted	<u>38,707</u>	<u>486,125</u>	<u>15</u>	<u>524,847</u>
Committed for:				
Underground Storage Tank	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>11,000</u>
Assigned for:				
Encumbrances				
Instruction	30,149	0	0	30,149
Support Services	29,971	0	0	29,971
Capital Outlay	32,182	0	0	32,182
Total Assigned	<u>92,302</u>	<u>0</u>	<u>0</u>	<u>92,302</u>
Unassigned	7,876,403	0	0	7,876,403
<i>Total Fund Balance (Deficit)</i>	<u>\$ 8,018,412</u>	<u>\$ 486,125</u>	<u>\$ 15</u>	<u>\$ 8,504,552</u>

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**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
(Direct)			
Student Financial Aid Cluster:			
Federal Direct Student Loans	84.268	\$253,925	\$253,925
Federal Pell Grant Program	84.063	<u>154,011</u>	<u>154,011</u>
Total Student Financial Aid Cluster		<u>407,936</u>	<u>407,936</u>
(Passed Through Ohio Department of Education)			
Career and Technical Education - Basic Grants to States	84.048	196,269	196,269
Improving Teacher Quality State Grants	84.367	<u>1,332</u>	<u>1,332</u>
Total		<u><u>\$605,537</u></u>	<u><u>\$605,537</u></u>

The accompanying notes are an integral part of this schedule.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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



Dave Yost • Auditor of State

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Portage Lakes Career Center, Summit County, (the Career Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated September 22, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

September 22, 2014



Dave Yost • Auditor of State

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Portage Lakes Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Portage Lakes Career Center's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Portage Lakes Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State
Columbus, Ohio

September 22, 2014

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Aid Cluster: Federal Direct Student Loans CFDA 84.268 and Federal Pell Grant Program CFDA 84.036
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

PORTAGE LAKES CAREER CENTER

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 14, 2014**