



Dave Yost • Auditor of State

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington 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 Career Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Career Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2014, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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

Supplementary and Other Information

Our audit was conducted to opine on the Career Center's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures (the Schedule) presents additional analysis and is not a required part of the basic financial statements.

The Schedule is management's responsibility, and was derived from and relates 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 this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures 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 October 30, 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

October 30, 2014

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Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

The discussion and analysis of the Washington County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2014 are as follows:

- In total, net position increased \$515,542. Net position of governmental activities increased \$310,223, while net position of the business-type activity increased \$205,319 from 2013.
- General revenues accounted for \$5,674,822 in revenue or 79% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$1,470,478 or 21% of total revenues of \$7,145,300.
- Total program expenses were \$9,953,483; \$6,835,077 in governmental activities and \$3,118,406 in the business-type activity.

Using this Annual Financial Report

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

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

Reporting the Career Center as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the Career Center to provide programs and activities for students, 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 liabilities 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.

Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

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

In the Statement of Net Position and the Statement of Activities, the Career Center is divided into two kinds of activities:

Governmental Activities - Most of the Career Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, and extracurricular activities.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the good or services provided. The Career Center's adult education programs are reported as its business-type activity.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major funds begins on page 11. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the General Fund.

Governmental Funds Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end which are 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities (food service); therefore, these statements will essentially match.

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
 Unaudited

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		Business-Type Activity		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and Other Assets	\$7,011,133	\$6,461,520	\$1,516,284	\$1,225,931	\$8,527,417	\$7,687,451
Capital Assets, Net	6,845,632	7,014,058	905,827	958,755	7,751,459	7,972,813
<i>Total Assets</i>	<u>13,856,765</u>	<u>13,475,578</u>	<u>2,422,111</u>	<u>2,184,686</u>	<u>16,278,876</u>	<u>15,660,264</u>
Liabilities						
Current and Other Liabilities	525,969	543,967	100,341	77,611	626,310	621,578
Long-term Liabilities						
Due Within One Year	135,240	126,786	1,517	1,448	136,757	128,234
Due in More Than One Year	2,478,425	2,627,734	97,975	88,668	2,576,400	2,716,402
<i>Total Liabilities</i>	<u>3,139,634</u>	<u>3,298,487</u>	<u>199,833</u>	<u>167,727</u>	<u>3,339,467</u>	<u>3,466,214</u>
Deferred Inflows of Resources						
Property Taxes	2,246,319	2,016,502	0	0	2,246,319	2,016,502
Net Position						
Net Investment in						
Capital Assets	4,699,500	4,741,140	901,660	953,140	5,601,160	5,694,280
Restricted	686,728	711,381	0	0	686,728	711,381
Unrestricted	3,084,584	2,708,068	1,320,618	1,063,819	4,405,202	3,771,887
<i>Total Net Position</i>	<u>\$8,470,812</u>	<u>\$8,160,589</u>	<u>\$2,222,278</u>	<u>\$2,016,959</u>	<u>\$10,693,090</u>	<u>\$10,177,548</u>

Total assets increased \$618,612, with governmental assets increasing \$381,187 and business-type assets increasing \$237,425. For governmental activities, cash and cash equivalents increased \$298,623 as well as property taxes receivable in the amount of \$190,055. All the other current asset accounts reported small increases except materials and supplies inventory and accounts receivables. Offsetting those increases is a decrease in capital assets of \$168,426. The increase in business-type activity assets was mainly due to an increase in cash and cash equivalents of \$109,957 as well as intergovernmental receivables in the amount of \$211,076. These increases were offset by decreases in accounts receivables and capital assets of \$31,753 and \$52,928, respectively.

Total liabilities decreased \$126,747, with governmental liabilities decreasing \$158,853 and business-type activity liabilities increasing \$32,106. The governmental funds report no significant changes in current liabilities. Long-term liabilities decreased \$140,855, reflecting payments on debt. For the business-type activity, current liabilities increased \$22,730 mainly due to an increase in accrued wage and benefits payables, accounts payables, intergovernmental payable, and vacation benefits payables of \$11,078, \$4,201, \$3,472, and \$3,287, respectively. The long-term liabilities had no significant changes from the prior year.

Washington County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
 Unaudited

Table 2 shows the changes in net position for the fiscal year ended June 30, 2014, compared to changes in net position for the fiscal year ended June 30, 2013.

(Table 2)
 Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program Revenues						
Charges for Services and Sales	\$113,888	\$156,167	\$2,912,081	\$1,729,947	\$3,025,969	\$1,886,114
Operating Grants, Contributions and Interest	1,356,590	1,255,505	386,949	399,570	1,743,539	1,655,075
Capital Grants	0	31,800	0	0	0	31,800
Total Program Revenues	1,470,478	1,443,472	3,299,030	2,129,517	4,769,508	3,572,989
General Revenues						
Property Taxes	2,002,366	1,937,618	0	0	2,002,366	1,937,618
Grants and Entitlements	3,528,290	3,319,427	0	0	3,528,290	3,319,427
Payments in Lieu of Taxes	0	33,735	0	0	0	33,735
Interest	124,000	161,715	0	0	124,000	161,715
Gain on Sale of Capital Assets	866	0	0	0	866	0
Miscellaneous	19,300	31,323	24,695	15,521	43,995	46,844
Total General Revenues	5,674,822	5,483,818	24,695	15,521	5,699,517	5,499,339
Total Revenues	7,145,300	6,927,290	3,323,725	2,145,038	10,469,025	9,072,328
Program Expenses						
Instruction:						
Regular	969,927	935,349	0	0	969,927	935,349
Vocational	2,200,962	2,292,759	0	0	2,200,962	2,292,759
Adult/Continuing	477,015	354,990	0	0	477,015	354,990
Support Services:						
Pupils	185,254	224,655	0	0	185,254	224,655
Instructional Staff	287,986	258,419	0	0	287,986	258,419
Board of Education	24,924	33,090	0	0	24,924	33,090
Administration	479,165	518,414	0	0	479,165	518,414
Fiscal	358,807	357,711	0	0	358,807	357,711
Business	5,779	18,061	0	0	5,779	18,061
Operation and Maintenance of Plant						
Transportation	694,259	648,357	0	0	694,259	648,357
Central	3,550	4,469	0	0	3,550	4,469
Central	373,724	407,429	0	0	373,724	407,429
Operation of Non-Instructional Services:						
Other	525,967	443,255	0	0	525,967	443,255
Food Service Operations	197,801	165,516	0	0	197,801	165,516
Extracurricular Activities	4,264	4,296	0	0	4,264	4,296
Interest and Fiscal Charges	45,693	81,665	0	0	45,693	81,665
Adult Education	0	0	3,118,406	2,416,684	3,118,406	2,416,684
Total Expenses	6,835,077	6,748,435	3,118,406	2,416,684	9,953,483	9,165,119
Change in Net Position	310,223	178,855	205,319	(271,646)	515,542	(92,791)
Net Position						
Beginning of Year	8,160,589	7,981,734	2,016,959	2,288,605	10,177,548	10,270,339
Net Position End of Year	\$8,470,812	\$8,160,589	\$2,222,278	\$2,016,959	\$10,693,090	\$10,177,548

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

Governmental Activities

Net position of the Career Center's governmental activities increased \$310,223 in fiscal year 2014. Total governmental expenses of \$6,835,077 did not exceed the program revenues of \$1,470,478 and general revenues of \$5,674,822.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 77 percent of the total revenue. The remaining 23 percent of revenue is from program revenues, interest, gain on sale of capital assets, and miscellaneous local sources.

In recent years, the State has implemented weighted funding for special education students and career-tech students, in addition to ADM (average daily membership) funding. However, in June 2011, the Governor signed HB153 "Budget Bill" that stated the funding for Joint Vocational School Districts in fiscal years 2012 and 2013 would be equal to the funding in Fiscal Year 2011. In these two years, the State Foundation held at \$2.9 million.

Program revenues covered 21.5 percent of program expenses overall. The remaining 78.5 percent is supported through tax revenues and other general revenues. In fiscal year 2014, expenses totaled 95.7 percent of revenues, resulting in an increase in net position of \$310,223.

Business-Type Activity

The business-type activity involves the Career Center's adult education program. This program had revenues of \$3,323,725 and expenses of \$3,118,406 for fiscal year 2014. Charges for services increased \$1,182,134 from the prior year. This increase is a result of a local business and industry reducing their workforce and more students needing to be retrained. The retraining resulted in more students being enrolled in the Building Construction and Remodeling, Heavy Equipment and Crane Operator, Chemical Technician, and Electricity Programs. Expenses reflect an increase of \$701,722 for the same period. These increases were a result of enrollment increases in the programs noted previously and the textbooks and supplies associated with the programs.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2014 compared to fiscal year 2013. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

(Table 3)
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Program Expenses				
Instruction:				
Regular	\$969,927	\$935,349	\$969,927	\$935,349
Vocational	2,200,962	2,292,759	2,148,561	2,182,806
Adult/Continuing	477,015	354,990	46,058	49,714
Support Services:				
Pupils	185,254	224,655	46,535	49,270
Instructional Staff	287,986	258,419	218,108	159,305
Board of Education	24,924	33,090	24,924	33,090
Administration	479,165	518,414	479,165	518,414
Fiscal	358,807	357,711	358,807	357,711
Business	5,779	18,061	5,779	18,061
Operation and Maintenance of Plant	694,259	648,357	694,259	618,357
Transportation	3,550	4,469	3,550	4,469
Central	373,724	407,429	306,291	273,644
Operation of Non-Instructional Services:				
Other	525,967	443,255	0	0
Food Service Operations	197,801	165,516	12,678	18,812
Extracurricular Activities	4,264	4,296	4,264	4,296
Interest and Fiscal Charges	45,693	81,665	45,693	81,665
Total	<u>\$6,835,077</u>	<u>\$6,748,435</u>	<u>\$5,364,599</u>	<u>\$5,304,963</u>

As you can see, the reliance on local tax revenues and grants and entitlements not restricted to specific programs for governmental activities is crucial. Nearly 29 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 52 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. As you can see from Table 3, the operation of non-instructional services – other program is the only self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

Washington County Career Center, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited*

The Career Center Funds

The Career Center's governmental funds reported a combined fund balance of \$4,125,883, an increase of \$295,930 from fiscal year 2013. All governmental funds had total revenues of \$7,107,989 and expenditures of \$6,813,646.

The Career Center's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$256,374 increase in fund balance can be mainly attributed to the funding formula changing for the fiscal year and Career Center now receiving weighted funding based on enrollment instead of the fixed amount that has been in place since 2009.

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 2014, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$5,819,454, \$226,253 above final estimates of \$5,593,201. Original estimated revenues equaled final estimated revenues. Expenditures of \$5,583,002 were lower than final appropriations of \$5,647,651 due to various factors, but primarily due to delaying capital expenditures until future years and staff retirements that occurred before year end. Final appropriations were increased \$28,167 over original appropriations due to an increase in purchases made through the vocational education department.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the Career Center had \$7,751,459 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2014 balances compared to 2013.

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

	Governmental Activities		Business-Type Activity		Total	
	2014	2013	2014	2013	2014	2013
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	5,785,352	5,910,824	597,148	626,344	6,382,500	6,537,168
Furniture and Equipment	964,055	1,005,461	307,347	330,318	1,271,402	1,335,779
Vehicles	48,225	49,773	1,332	2,093	49,557	51,866
Totals	<u>\$6,845,632</u>	<u>\$7,014,058</u>	<u>\$905,827</u>	<u>\$958,755</u>	<u>\$7,751,459</u>	<u>\$7,972,813</u>

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

During fiscal year 2014, the Career Center purchased a salvaged Ford Flex to repair and place into service, a welder and pipe positioner for the welding program, bobcat loader for the landscape and turf management program, EKG machine for our health services program, and a hybrid electric vehicle trainer for the auto mechanics program from governmental funds. Under the business-type activity, the Career Center replaced welders in the welding program. See Note 11 to the basic financial statements for more information on capital assets.

Debt

During fiscal year 2014, the Career Center had the following changes in long-term obligations:

	Principal Outstanding 6/30/13	Additions	Reductions	Principal Outstanding 6/30/14	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9% July 23, 2002, \$615,000	\$205,000	\$0	\$45,000	\$160,000	\$50,000
Qualified Zone Academy Bonds - 0% July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Capital Leases	842,918	0	81,786	761,132	85,240
Total Governmental Activities	<u>\$2,272,918</u>	<u>\$0</u>	<u>\$126,786</u>	<u>\$2,146,132</u>	<u>\$135,240</u>
Business-Type Activity:					
Capital Leases	<u>\$5,615</u>	<u>\$0</u>	<u>\$1,448</u>	<u>\$4,167</u>	<u>\$1,517</u>

See Notes 16 and 17 to the basic financial statements for more information on debt.

Current Issues

The Career Center has achieved a large measure of financial stability in the past and in fiscal year 2014. Administrators and staff are cognizant of the entity's vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance of the two. The Treasurer continues to monitor revenues and expenditures to ascertain that actual revenues meet or exceed estimated, and that actual expenditures do not exceed estimated.

During the student count in October 2013, we experienced an enrollment of 502 students which is up from 429 in 2012 and 458 in 2011. During the spring 2014 recruiting season, the staff and administration worked hard to meet with the sophomore class throughout the County and promote the programs being offered at the Career Center. With all this hard work, the student enrollment in October 2014 will again exceed 500 students when enrollment information is reported to the State of Ohio.

In June 2013, the Governor signed HB 59 "Budget Bill" that states that funding for Joint Vocational School Districts in fiscal years 2014 and 2015 will be calculated using ADM estimates and valuation projections provided by the Departments of Education and Taxations. In fiscal year 2014, the student enrollment increased by 73 students which allowed the Career Center to receive the maximum allowed - 6.25% more than 2013. In fiscal year 2015, enrollment is projected to remain at the same level and will allow us to receive the maximum revenue permitted of 10.5% more than the 2014 amount.

Washington County Career Center, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

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, despite the continued deterioration of regional, state, national, and international economic health. The Career Center's focus on sustainability has resulted in the Center maintaining solid finances, while improving facilities and overall academic achievement.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joseph O. Crone, Treasurer at the Washington County Career Center, 21740 SR 676, Marietta, Ohio 45750, or e-mail at jcrone@thecareercenter.net.

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Washington County Career Center, Ohio

Statement of Net Position

June 30, 2014

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,859,820	\$1,133,525	\$4,993,345
Investments with Fiscal Agents	515,271	0	515,271
Inventory Held for Resale	2,328	0	2,328
Materials and Supplies Inventory	22,917	64,965	87,882
Intergovernmental Receivable	235,759	262,283	498,042
Prepaid Items	2,400	0	2,400
Accounts Receivable	106	55,511	55,617
Property Taxes Receivable	2,372,532	0	2,372,532
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	6,797,632	905,827	7,703,459
<i>Total Assets</i>	<u>13,856,765</u>	<u>2,422,111</u>	<u>16,278,876</u>
Liabilities			
Accounts Payable	42,778	16,642	59,420
Accrued Wages and Benefits Payable	364,310	46,265	410,575
Matured Compensated Absences Payable	0	105	105
Matured Vacation Leave Payable	0	644	644
Vacation Benefits Payable	53,422	20,099	73,521
Accrued Interest Payable	2,145	0	2,145
Intergovernmental Payable	63,314	16,586	79,900
Long-Term Liabilities:			
Due Within One Year	135,240	1,517	136,757
Due In More Than One Year	2,478,425	97,975	2,576,400
<i>Total Liabilities</i>	<u>3,139,634</u>	<u>199,833</u>	<u>3,339,467</u>
Deferred Inflows of Resources			
Property Taxes	2,246,319	0	2,246,319
Net Position			
Net Investment in Capital Assets	4,699,500	901,660	5,601,160
Restricted for:			
Unclaimed Monies	296	0	296
Debt Service	477,743	0	477,743
State Programs	12,853	0	12,853
Federal Programs	166,904	0	166,904
Budget Stabilization	28,932	0	28,932
Unrestricted	3,084,584	1,320,618	4,405,202
<i>Total Net Position</i>	<u>\$8,470,812</u>	<u>\$2,222,278</u>	<u>\$10,693,090</u>

See accompanying notes to the basic financial statements.

Washington County Career Center, 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, Contributions and Interest	Governmental Activities	Business-Type Activity	Total
Governmental Activities						
Instruction:						
Regular	\$969,927	\$0	\$0	(\$969,927)	\$0	(\$969,927)
Vocational	2,200,962	52,401	0	(2,148,561)	0	(2,148,561)
Adult/Continuing	477,015	0	430,957	(46,058)	0	(46,058)
Support Services:						
Pupils	185,254	0	138,719	(46,535)	0	(46,535)
Instructional Staff	287,986	0	69,878	(218,108)	0	(218,108)
Board of Education	24,924	0	0	(24,924)	0	(24,924)
Administration	479,165	0	0	(479,165)	0	(479,165)
Fiscal	358,807	0	0	(358,807)	0	(358,807)
Business	5,779	0	0	(5,779)	0	(5,779)
Operation and						
Maintenance of Plant	694,259	0	0	(694,259)	0	(694,259)
Transportation	3,550	0	0	(3,550)	0	(3,550)
Central	373,724	0	67,433	(306,291)	0	(306,291)
Operation of Non-Instructional						
Services:						
Other	525,967	0	525,967	0	0	0
Food Service Operations	197,801	61,487	123,636	(12,678)	0	(12,678)
Extracurricular Activities	4,264	0	0	(4,264)	0	(4,264)
Interest and Fiscal Charges	45,693	0	0	(45,693)	0	(45,693)
<i>Total Governmental Activities</i>	6,835,077	113,888	1,356,590	(5,364,599)	0	(5,364,599)
Business-Type Activity						
Adult Education	3,118,406	2,912,081	386,949	0	180,624	180,624
<i>Totals</i>	<u>\$9,953,483</u>	<u>\$3,025,969</u>	<u>\$1,743,539</u>	<u>(5,364,599)</u>	<u>180,624</u>	<u>(5,183,975)</u>
General Revenues						
Property Taxes Levied for General Purposes				2,002,366	0	2,002,366
Grants and Entitlements not						
Restricted to Specific Programs				3,528,290	0	3,528,290
Gain on Sale of Capital Assets				866	0	866
Interest				124,000	0	124,000
Miscellaneous				19,300	24,695	43,995
<i>Total General Revenues</i>				<u>5,674,822</u>	<u>24,695</u>	<u>5,699,517</u>
<i>Change in Net Position</i>				310,223	205,319	515,542
<i>Net Position Beginning of Year</i>				<u>8,160,589</u>	<u>2,016,959</u>	<u>10,177,548</u>
<i>Net Position End of Year</i>				<u>\$8,470,812</u>	<u>\$2,222,278</u>	<u>\$10,693,090</u>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio

Balance Sheet

Governmental Funds

June 30, 2014

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$3,627,179	\$203,413	\$3,830,592
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	29,228	0	29,228
Investments with Fiscal Agents	515,271	0	515,271
Receivables:			
Property Taxes	2,372,532	0	2,372,532
Accounts	0	106	106
Intergovernmental	0	235,759	235,759
Prepaid Items	2,400	0	2,400
Inventory Held for Resale	0	2,328	2,328
Materials and Supplies Inventory	21,177	1,740	22,917
<i>Total Assets</i>	<u>\$6,567,787</u>	<u>\$443,346</u>	<u>\$7,011,133</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$42,740	\$38	\$42,778
Accrued Wages and Benefits Payable	339,619	24,691	364,310
Intergovernmental Payable	57,957	5,357	63,314
<i>Total Liabilities</i>	<u>440,316</u>	<u>30,086</u>	<u>470,402</u>
Deferred Inflows of Resources			
Property Taxes	2,246,319	0	2,246,319
Unavailable Revenue	50,849	117,680	168,529
<i>Total Deferred Inflows of Resources</i>	<u>2,297,168</u>	<u>117,680</u>	<u>2,414,848</u>
Fund Balances			
Nonspendable	23,873	1,740	25,613
Restricted	28,932	111,963	140,895
Committed	22,235	6,301	28,536
Assigned	21,449	181,132	202,581
Unassigned	3,733,814	(5,556)	3,728,258
<i>Total Fund Balances</i>	<u>3,830,303</u>	<u>295,580</u>	<u>4,125,883</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,567,787</u>	<u>\$443,346</u>	<u>\$7,011,133</u>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Fund Balances		\$4,125,883
 <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.		6,845,632
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	50,849	
Grants	117,680	168,529
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(2,145)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(53,422)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(160,000)	
Qualified Zone Academy Bonds	(1,225,000)	
Capital Leases Payable	(761,132)	
Sick Leave Benefits Payable	(467,533)	(2,613,665)
Net Position of Governmental Activities		\$8,470,812

See accompanying notes to the basic financial statements.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$2,014,589	\$0	\$2,014,589
Intergovernmental	3,528,290	1,307,822	4,836,112
Interest	124,000	100	124,100
Tuition and Fees	37,139	0	37,139
Customer Services	15,262	61,487	76,749
Miscellaneous	19,300	0	19,300
<i>Total Revenues</i>	<u>5,738,580</u>	<u>1,369,409</u>	<u>7,107,989</u>
Expenditures			
Current:			
Instruction:			
Regular	928,618	0	928,618
Vocational	2,171,141	0	2,171,141
Adult/Continuing	0	400,375	400,375
Support Services:			
Pupils	50,139	129,647	179,786
Instructional Staff	213,757	63,202	276,959
Board of Education	24,924	0	24,924
Administration	468,616	0	468,616
Fiscal	347,139	0	347,139
Business	4,554	0	4,554
Operation and Maintenance of Plant	687,978	0	687,978
Transportation	3,550	0	3,550
Central	315,267	66,490	381,757
Operation of Non-Instructional Services	0	720,139	720,139
Extracurricular Activities	4,024	0	4,024
Capital Outlay	41,073	0	41,073
Debt Service:			
Principal Retirement	126,786	0	126,786
Interest and Fiscal Charges	46,227	0	46,227
<i>Total Expenditures</i>	<u>5,433,793</u>	<u>1,379,853</u>	<u>6,813,646</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>304,787</u>	<u>(10,444)</u>	<u>294,343</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	1,587	0	1,587
Transfers In	0	50,000	50,000
Transfers Out	(50,000)	0	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(48,413)</u>	<u>50,000</u>	<u>1,587</u>
<i>Net Change in Fund Balances</i>	256,374	39,556	295,930
<i>Fund Balances Beginning of Year</i>	<u>3,573,929</u>	<u>256,024</u>	<u>3,829,953</u>
<i>Fund Balances End of Year</i>	<u>\$3,830,303</u>	<u>\$295,580</u>	<u>\$4,125,883</u>

See accompanying notes to the basic financial statements.

Washington County Career Center, 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		\$295,930
 <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 depreciation exceeded capital outlays:		
Capital Asset Additions	226,013	
Depreciation Expense	<u>(393,718)</u>	(167,705)
 Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(721)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	48,668	
Delinquent Property Taxes	<u>(12,223)</u>	36,445
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		126,786
 Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		
		534
 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.		
Vacation Benefits Payable	4,885	
Sick Leave Benefits Payable	<u>14,069</u>	18,954
 <i>Change in Net Position of Governmental Activities</i>		 <u><u>\$310,223</u></u>

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$1,893,837	\$1,893,837	\$2,042,128	\$148,291
Intergovernmental	3,486,532	3,486,532	3,526,290	39,758
Interest	100,000	100,000	123,429	23,429
Tuition and Fees	45,277	45,277	37,139	(8,138)
Customer Services	61,220	61,220	71,262	10,042
Miscellaneous	6,335	6,335	19,206	12,871
<i>Total Revenues</i>	5,593,201	5,593,201	5,819,454	226,253
Expenditures				
Current:				
Instruction:				
Regular	974,984	974,984	926,798	48,186
Vocational	2,165,589	2,193,756	2,213,314	(19,558)
Support Services:				
Pupils	91,398	91,398	52,214	39,184
Instructional Staff	231,676	231,676	235,050	(3,374)
Board of Education	25,483	25,483	25,311	172
Administration	493,268	498,268	474,643	23,625
Fiscal	357,830	357,830	347,339	10,491
Business	10,645	10,645	7,171	3,474
Operation and Maintenance of Plant	693,108	693,108	672,463	20,645
Transportation	8,000	8,000	3,550	4,450
Central	317,003	317,003	322,871	(5,868)
Extracurricular Activities	5,644	5,644	4,024	1,620
Capital Outlay	10,000	5,000	63,308	(58,308)
Debt Service:				
Principal	190,692	190,692	190,692	0
Interest and Fiscal Charges	44,164	44,164	44,254	(90)
<i>Total Expenditures</i>	5,619,484	5,647,651	5,583,002	64,649
<i>Excess of Revenues Over (Under) Expenditures</i>	(26,283)	(54,450)	236,452	290,902
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,000	5,000	1,587	(3,413)
Advances In	10,000	10,000	20,000	10,000
Refund of Prior Year Expenditures	9,041	9,041	10,732	1,691
Refund of Prior Year Receipts	(2,000)	(2,000)	0	2,000
Other Financing Uses	(40,000)	(40,000)	0	40,000
Advances Out	(20,000)	(20,000)	0	20,000
Transfers Out	(35,000)	(35,000)	(50,000)	(15,000)
<i>Total Other Financing Sources (Uses)</i>	(72,959)	(72,959)	(17,681)	55,278
<i>Net Change in Fund Balance</i>	(99,242)	(127,409)	218,771	346,180
<i>Fund Balance Beginning of Year</i>	3,340,731	3,340,731	3,340,731	0
Prior Year Encumbrances Appropriated	19,234	19,234	19,234	0
<i>Fund Balance End of Year</i>	\$3,260,723	\$3,232,556	\$3,578,736	\$346,180

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio

Statement of Fund Net Position

Enterprise Fund

June 30, 2014

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,133,525
Materials and Supplies Inventory	64,965
Intergovernmental Receivable	262,283
Accounts Receivable	<u>55,511</u>
<i>Total Current Assets</i>	1,516,284
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>905,827</u>
<i>Total Assets</i>	<u>2,422,111</u>
Liabilities	
Current Liabilities:	
Accounts Payable	16,642
Accrued Wages and Benefits Payable	46,265
Matured Compensated Absences Payable	105
Matured Vacation Leave Payable	644
Capital Leases Payable	1,517
Vacation Benefits Payable	20,099
Intergovernmental Payable	<u>16,586</u>
<i>Total Current Liabilities</i>	101,858
Long-term Liabilities:	
Capital Leases Payable	2,650
Sick Leave Benefits Payable	<u>95,325</u>
<i>Total Long-term Liabilities</i>	<u>97,975</u>
<i>Total Liabilities</i>	<u>199,833</u>
Net Position	
Net Investment in Capital Assets	901,660
Unrestricted	<u>1,320,618</u>
<i>Total Net Position</i>	<u><u>\$2,222,278</u></u>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2014*

	Business-Type Activity
	Adult Education Fund
Operating Revenues	
Tuition	\$2,912,081
Other	24,695
	2,936,776
<i>Total Operating Revenues</i>	<i>2,936,776</i>
Operating Expenses	
Salaries	1,247,392
Fringe Benefits	477,288
Purchased Services	835,116
Materials and Supplies	444,494
Depreciation	85,198
Other	28,260
	3,117,748
<i>Total Operating Expenses</i>	<i>3,117,748</i>
<i>Operating Loss</i>	<i>(180,972)</i>
Non-Operating Revenues (Expenses)	
Loss on Sale of Capital Assets	(57)
Interest and Fiscal Charges	(601)
Federal and State Subsidies	386,949
	386,291
<i>Total Non-Operating Revenues (Expenses)</i>	<i>386,291</i>
<i>Net Change in Net Position</i>	<i>205,319</i>
<i>Net Position Beginning of Year</i>	<i>2,016,959</i>
<i>Net Position End of Year</i>	<i>\$2,222,278</i>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio

Statement of Cash Flows

Enterprise Fund

For the Fiscal Year Ended June 30, 2014

	<u>Business-Type Activity</u>
	<u>Adult Education Fund</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	\$2,737,411
Cash Received from Other Operating Revenues	24,695
Cash Payments for Other Operating Expenses	(28,171)
Cash Payments to Suppliers for Goods and Services	(1,278,999)
Cash Payments for Employee Services	(1,221,454)
Cash Payments for Employee Benefits	(473,928)
	<u>(240,446)</u>
Net Cash Used for Operating Activities	<u>(240,446)</u>
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	<u>384,836</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(32,327)
Principal Paid on Capital Lease	(1,448)
Interest Paid on Capital Lease	(658)
	<u>(34,433)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(34,433)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	109,957
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,023,568</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$1,133,525</u></u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$180,972)
Depreciation	85,198
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(1,073)
Decrease in Accounts Receivable	31,753
Increase in Intergovernmental Receivable	(208,963)
Increase in Accounts Payable	4,201
Increase in Accrued Wages and Benefits Payable	11,078
Increase in Matured Compensated Absences Payable	105
Increase in Matured Vacation Leave Payable	644
Increase in Vacation Benefits Payable	3,287
Increase in Sick Leave Benefits Payable	10,824
Increase in Intergovernmental Payable	3,472
	<u>3,472</u>
Net Cash Used for Operating Activities	<u><u>(\$240,446)</u></u>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio

Statement of Assets and Liabilities

Agency Fund

June 30, 2014

	<u>Student Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$46,773</u>
Liabilities	
Due to Students	<u>\$46,773</u>

See accompanying notes to the basic financial statements.

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Washington County Career Center, 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 Washington County Career Center (the Career Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of seven members, one from each of the following elected Boards of Education: Belpre City Board of Education, Marietta City Board of Education, Ohio Valley Educational Service Center, Fort Frye Local Board of Education, Frontier Local Board of Education, Warren Local Board of Education, and Wolf Creek Local Board of Education. The Career Center exposes students to job training leading to employment upon graduation from high school.

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 20 classified employees and 37 certificated employees who provide services to 502 Washington County juniors and seniors, as well as to adult students through the adult education department evening classes and customized training for business and industry.

Reporting Entity

A reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The Career Center consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; 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, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. The Career Center has no component units.

The Career Center participates in the Southeastern Ohio Voluntary Education Cooperative and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. These organizations are presented in Notes 18 and 19.

Note 2 - Summary of Significant Accounting Policies

The 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 more significant of the Career Center's accounting policies are described below.

Washington County Career Center, 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 and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements distinguish between those activities of the Career Center that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the financial condition of the governmental and business-type 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements During the fiscal 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

B. Fund Accounting

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

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

The other governmental funds of the Career Center account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The Career Center has no internal service funds.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Career Center's only enterprise fund accounts for the operation of the Career Center's adult education program.

Fiduciary Fund Type 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 private purpose trust fund accounts for a program that assists students with expenses related to their education. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for student activities.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally 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 fund financial statements for governmental funds.

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

D. Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the Career Center is pooled. Monies for all funds, except for the cash with fiscal agents, are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

The Career Center's investments during fiscal year 2014 were the State Treasury Asset Reserve of Ohio (STAR Ohio) and money market mutual funds. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2014 amounted to \$124,000, which includes \$31,595 assigned from other Career Center funds.

The Career Center utilizes a financial institution to service principal and interest payments. The balance in this account is presented on the balance sheet as "restricted investments with fiscal agents" and represents money market mutual funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventory consists of materials and supplies held for consumption and donated and purchased food held for resale.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 on the fund financial statements. Capital assets utilized by the Adult Education Enterprise Fund are reported both in the business-type activity column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Career Center was able to estimate the historical cost for the initial reporting of certain assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of one thousand dollars. 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 not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	75 - 100 years
Furniture and Equipment	5 - 48 years
Vehicles	5 - 23 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

J. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by statute to be set-aside by the Career Center for the unspent workers' compensation refund monies required to be maintained for budget stabilization, unclaimed monies, and cash held with fiscal agents for payment to the contractors under the Career Center's lease-purchase agreement. See Note 21 for additional information regarding set-asides and budget stabilization.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

K. 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 Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for classified and certified employees after one year of service with the Career Center.

L. Accrued Liabilities and Long-term Obligations

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

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

M. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

N. Fund Balance

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the 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 the 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 the Board of Education or a Career Center official delegated that authority by resolution or State statute.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

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 the amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are charges for services for adult education programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

Q. Extraordinary and Special Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. Estimates

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

S. Budgetary Process

All funds, other than the agency fund, 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the function and object level and has the authority to allocate appropriations to the function and object level.

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal year.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 3 - Fund Balances

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

Fund Balances	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$2,400	\$0	\$2,400
Materials and Supplies Inventory	21,177	1,740	22,917
Unclaimed Monies	296	0	296
<i>Total Nonspendable</i>	<i>23,873</i>	<i>1,740</i>	<i>25,613</i>
Restricted for:			
State Grant Expenditures	0	12,853	12,853
Federal Grant Expenditures	0	99,110	99,110
Budget Stabilization	28,932	0	28,932
<i>Total Restricted</i>	<i>28,932</i>	<i>111,963</i>	<i>140,895</i>
Committed to:			
Scholarships	0	6,301	6,301
Repairs and Improvements	22,235	0	22,235
<i>Total Committed</i>	<i>22,235</i>	<i>6,301</i>	<i>28,536</i>
Assigned to:			
Capital Improvements	0	181,132	181,132
Scholarships	8,532	0	8,532
Purchases on Order	12,917	0	12,917
<i>Total Assigned</i>	<i>21,449</i>	<i>181,132</i>	<i>202,581</i>
Unassigned:	3,733,814	(5,556)	3,728,258
<i>Total Fund Balances</i>	<i>\$3,830,303</i>	<i>\$295,580</i>	<i>\$4,125,883</i>

Note 4 - Fund Deficits

As of June 30, 2014, the Food Service Special Revenue Fund had a deficit fund balance of \$3,816.

The deficit in the Food Service Special Revenue Fund is the result of over-expended grant resources and accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 5 - 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 and Actual (Budget Basis) presented for the General Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a commitment or assignment of fund balance (GAAP basis).
4. Advances In are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unreported and prepaid items represent amounts received but not included as revenues on the budget basis operating statements. These amounts are included as revenues on the GAAP basis operating statement.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance

GAAP Basis	\$256,374
Net Adjustment for:	
Revenue Accruals	74,971
Expenditure Accruals	(73,274)
Unreported Items:	
Beginning of Fiscal Year	18,960
End of Fiscal Year	(2,325)
Prepaid Items:	
Beginning of Fiscal Year	1,811
End of Fiscal Year	(2,400)
Advances In	20,000
Encumbrances	<u>(75,346)</u>
Budget Basis	<u><u>\$218,771</u></u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 6 - Deposits and Investments

Monies held by the Career Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Career Center treasury. Active 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 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.

Interim monies held by the Career Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,143,001 of the Career Center’s bank balance of \$5,643,001 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments As of June 30, 2014, the Career Center had the following investments: STAR Ohio which is part of the internal investment pool and money market mutual funds held by a fiscal agent in an escrow account that is restricted for the payment of debt.

	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>	<u>Rating Agency</u>
Money Market Mutual Funds	\$447,022	N/A	Aaa	Moody's
STAR Ohio	4,837	Average - 51.4 Days	AAAm	S&P
Total	<u>\$451,859</u>			

Interest Rate Risk The Career Center’s investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The credit ratings for the Career Center’s securities are listed above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of the purchase by at least one nationally recognized standard rating service. The Career Center has no investment policy that would further limit its investment choices.

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 credit 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.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Career Center. Real property tax revenue received in calendar 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 statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected 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 Washington, Athens, Morgan, and Noble Counties. The Washington County Auditor 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.

Accrued property taxes receivable includes real property and public utility 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 reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2014, was \$75,364 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2013, was \$102,903.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$996,461,760	84.63%	\$1,072,071,510	83.12%
Public Utility Personal	180,985,050	15.37%	217,752,360	16.88%
Total	<u>\$1,177,446,810</u>	<u>100.00%</u>	<u>\$1,289,823,870</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

Note 8 - Interfund Activity

The General Fund transferred \$50,000 to the Permanent Improvement Capital Projects Fund during fiscal year 2014. The transfer was for various construction projects for the Career Center.

Note 9 - Significant Commitments

A. Contractual Commitments

As of June 30, 2014, the Career Center had a contractual purchase commitment as follows:

	Purchase Commitments	Amounts Paid as of 6/30/2014	Amount Remaining on Contract
Parking Lot Repairs:			
General Fund	\$22,235	\$0	\$22,235

B. Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Governmental Activities:	
General Fund	\$75,346
Other Governmental Funds	163
Total Governmental Funds	<u>75,509</u>
Business-Type Activity:	
Adult Education Enterprise Fund	<u>66,475</u>
Total	<u>\$141,984</u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 10 - Receivables

Receivables at June 30, 2014, consisted of property taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$49,183 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
HB-1 Technical Skills Training Grant	\$167,914
Rural Education Achievement Program	40,490
Carl Perkins	<u>27,355</u>
Total Governmental Activities	<u>235,759</u>
Business-Type Activity:	
Tuition	224,086
Adult Workforce Education Guarantee	<u>38,197</u>
Total Business-Type Activity	<u>262,283</u>
Total	<u><u>\$498,042</u></u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 11 - Capital Assets

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

	<u>Balance</u>			<u>Balance</u>
	<u>6/30/2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>6/30/2014</u>
Governmental Activities:				
Capital Assets:				
Capital Assets not being depreciated:				
Land	<u>\$48,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$48,000</u>
Depreciable Capital Assets:				
Buildings and Improvements	8,133,043	41,073	0	8,174,116
Furniture and Equipment	3,647,624	177,524	(67,807)	3,757,341
Vehicles	<u>96,742</u>	<u>7,416</u>	<u>0</u>	<u>104,158</u>
Total Capital Assets being Depreciated	<u>11,877,409</u>	<u>226,013</u>	<u>(67,807)</u>	<u>12,035,615</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,222,219)	(166,545)	0	(2,388,764)
Furniture and Equipment	(2,642,163)	(218,209)	67,086	(2,793,286)
Vehicles	<u>(46,969)</u>	<u>(8,964)</u>	<u>0</u>	<u>(55,933)</u>
Total Accumulated Depreciation	<u>(4,911,351)</u>	<u>(393,718) *</u>	<u>67,086</u>	<u>(5,237,983)</u>
Total Capital Assets being Depreciated, Net	<u>6,966,058</u>	<u>(167,705)</u>	<u>(721)</u>	<u>6,797,632</u>
Governmental Activities Capital Assets, Net	<u>\$7,014,058</u>	<u>(\$167,705)</u>	<u>(\$721)</u>	<u>\$6,845,632</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$31,054
Vocational	143,611
Adult/Continuing	108,005
Support Services:	
Pupils	4,644
Instructional Staff	6,228
Administration	13,898
Fiscal	12,420
Business	1,225
Operation and Maintenance of Plant	31,323
Central	37,381
Food Service	3,689
Extracurricular Activities	<u>240</u>
Total Depreciation Expense	<u>\$393,718</u>

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

	Balance 6/30/2013	Additions	Deductions	Balance 6/30/2014
Business-Type Activity:				
Capital Assets:				
Buildings and Improvements	709,940	0	0	709,940
Furniture and Equipment	728,913	32,327	(13,701)	747,539
Vehicles	22,610	0	0	22,610
Total Capital Assets	<u>1,461,463</u>	<u>32,327</u>	<u>(13,701)</u>	<u>1,480,089</u>
Less Accumulated Depreciation				
Buildings and Improvements	(83,596)	(29,196)	0	(112,792)
Furniture and Equipment	(398,595)	(55,241)	13,644	(440,192)
Vehicles	(20,517)	(761)	0	(21,278)
Total Accumulated Depreciation	<u>(502,708)</u>	<u>(85,198)</u>	<u>13,644</u>	<u>(574,262)</u>
Total Capital Assets being Depreciated, Net	<u>958,755</u>	<u>(52,871)</u>	<u>(57)</u>	<u>905,827</u>
Business-Type Activity Capital Assets, Net	<u>\$958,755</u>	<u>(\$52,871)</u>	<u>(\$57)</u>	<u>\$905,827</u>

Note 12 - Risk Management

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2014, the Career Center contracted with the following insurance company for coverage:

Ohio School Plan through Schwendeman Agency Inc:	
Automobile Liability	\$1,000,000
Comprehensive (\$250 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$1,000 deductible)	29,601,390
Equipment Breakdown (\$1,000 deductible)	29,601,390
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Crime (\$1,000 Deductible):	
Theft / Forgery or Alteration / Computer Fraud	100,000
Fiduciary Liability (\$2,500 Deductible):	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Each Employee	1,000,000
Educational Legal Liability (\$2,500 Deductible):	
Errors and Omissions/Aggregate	1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from last fiscal year.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

B. Workers' Compensation

For fiscal year 2014, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 13 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. No more than two years of vacation is permitted to be carried forward and should be used in the fiscal year following accrual. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 270 days. Upon retirement, employees receive payment equal to the percentages as stated below:

One-fourth of their accrued but unused sick leave to a maximum 68 days for employees having less than fifteen years of service.

Thirty percent of their accrued but unused sick leave to a maximum 81 days for employees having fifteen or more years of service.

B. Insurance

The Career Center provides medical/surgical insurance through Ohio School Benefits Cooperation for all eligible employees. The Career Center pays between 85 to 95 percent of the cost of both the individual plans and the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

The Career Center pays the total cost for life, dental, and vision insurance for its employees. Life insurance and accidental death and dismemberment insurance is provided through Core Source, dental insurance is provided through SEOVEC, and vision insurance is provided through Vision Service Plan.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 14 - Defined Benefit Pension Plans

A. School Employees Retirement System

Plan Description - The Career Center contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employers/ Audit Resources.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The Career Center's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$120,047, \$114,226, and \$108,302, respectively. For fiscal year 2013, 97.08 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for 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 system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by 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 DB Plan and the DC 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 payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 10 percent of their annual covered salary. The Career Center was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The Career Center's required contributions to STRS Ohio for the DB Plan and for the defined benefit portion of the Combined Plan were \$377,828 and \$13,401 for the fiscal year ended June 30, 2014, \$378,519 and \$13,401 for the fiscal year ended June 30, 2013, and \$409,124 and \$14,352 for the fiscal year ended June 30, 2012. For fiscal year 2014, 90.60 percent has been contributed for the DB plan and 90.60 percent has been contributed for the Combined Plan, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2013, the latest information available, were \$15,319 made by the Career Center and \$10,942 made by the plan members. In addition, member contributions of \$9,572 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

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, two members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The Career Center participates in two cost-sharing multiple-employer defined benefit other postemployment 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 as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

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. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2014, this amount was \$20,250.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$13,442, \$13,600, and \$16,516, respectively. For fiscal year 2014, 9.22 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this 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 \$6,970, \$6,439, and \$6,380, respectively. For fiscal year 2014, 97.09 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012, were \$31,273, \$31,326, and \$33,680 respectively. For fiscal year 2014, 90.60 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Note 16 - Long-Term Obligations

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

	Principal Outstanding 6/30/13	Additions	Reductions	Principal Outstanding 6/30/14	Amounts Due in One Year
Governmental Activities:					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	\$205,000	\$0	\$45,000	\$160,000	\$50,000
Qualified Zone Academy Bonds - 0%					
July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Capital Leases	842,918	0	81,786	761,132	85,240
Sick Leave Benefits	481,602	34,251	48,320	467,533	0
Total Governmental Activities	\$2,754,520	\$34,251	\$175,106	\$2,613,665	\$135,240
Business-Type Activity:					
Capital Leases	\$5,615	\$0	\$1,448	\$4,167	\$1,517
Sick Leave Benefits	84,501	10,929	105	95,325	0
Total Business-Type Activities	\$90,116	\$10,929	\$1,553	\$99,492	\$1,517

Capital leases will be paid from the General Fund and Adult Education Enterprise Fund. Sick leave benefits will be paid from the General Fund, the Food Service and Miscellaneous Federal Grants Special Revenue Funds, and Adult Education Enterprise Fund.

In fiscal year 2003, the Career Center issued energy conversation notes for \$615,000. The energy conservation notes will be paid from tax revenues from the General Fund.

On July 1, 2007, the Career Center issued \$1,225,000 qualified zone academy bonds (QZAB), in accordance with Section 226 of the Taxpayer Relief Act of 1997 (Public Law 105-34), for roof repairs. The QZAB matures in 2022, with the entire principal balance coming due at maturity. The QZAB does not bear interest. To satisfy escrow requirements of the program, the Career Center placed \$1,225,000 in a debt service sinking escrow account for future payment of the bonds with US Bank, the fiscal agent. The escrow account will be invested with all of the proceeds to be used for the final payoff of the bonds in 2022. Along with the investment earnings of the escrow account, the Career Center is required to place \$68,249, annually into the debt service sinking escrow account that will be used for the final bond repayment in 2022. The value of the escrow account is recorded as restricted investments with fiscal agents in the General Fund.

The overall debt margin of the Career Center as of June 30, 2014, was \$116,050,467 with an unvoted debt margin of \$1,289,450.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2014, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$50,000	\$7,965	\$57,965
2016	55,000	4,867	59,867
2017	55,000	1,623	56,623
Total	<u>\$160,000</u>	<u>\$14,455</u>	<u>\$174,455</u>

Note 17 - Capital Leases - Lessee Disclosure

In prior years, the Career Center entered into agreements to lease office equipment and heating and cooling systems upgrades. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures in the financial statements for the Governmental Funds for \$81,786. The capital lease obligations represent the present value of the net future minimum lease payments on all capital leases.

	Governmental Activities	Business-Type Activity
Buildings and Improvements	\$1,470,246	\$0
Furniture and Equipment	18,370	6,123
Total Property under Capital Lease	1,488,616	6,123
Less Accumulated Depreciation	(363,465)	(1,903)
Total June 30, 2014	<u>\$1,125,151</u>	<u>\$4,220</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

Fiscal Year	Governmental Activities		Business-Type Activity		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$85,240	\$31,519	\$1,517	\$427	\$86,757	\$31,946
2016	89,212	27,547	1,713	230	90,925	27,777
2017	90,413	23,432	937	34	91,350	23,466
2018	91,271	19,658	0	0	91,271	19,658
2019	95,099	15,831	0	0	95,099	15,831
2020-2022	309,897	22,891	0	0	309,897	22,891
Total	<u>\$761,132</u>	<u>\$140,878</u>	<u>\$4,167</u>	<u>\$691</u>	<u>\$765,299</u>	<u>\$141,569</u>

Note 18 - Jointly Governed Organizations

A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 27 participants consisting of school districts in eight southeastern Ohio counties.

Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2014

SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2014, the Career Center paid \$24,346 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. The Career Center's membership fee was \$325 for fiscal year 2014. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Note 19 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Note 20 - Contingencies

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2014.

B. Litigation

The Career Center is currently party to legal proceedings. The possible outcome and effect on the financial statements cannot be determined at this time.

Washington County Career Center, Ohio

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014*

Note 21 - 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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the Career Center was also required to set-aside money for textbooks.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2014, this continues to be set aside.

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Balance as of June 30, 2013	\$0	\$28,932
Current Year Set-aside Requirement	69,927	0
Offsetting Credits	(50,000)	0
Qualifying Disbursements	(70,000)	0
Total	<u>(\$50,073)</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$28,932</u>

The Career Center had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future years.

WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013/2014	10.555	\$ 14,018	\$ 14,018
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	32,367	32,367
National School Lunch Program	2013/2014	10.555	75,420	75,420
Cash Assistance Subtotal			<u>107,787</u>	<u>107,787</u>
Total Child Nutrition Cluster			<u>121,805</u>	<u>121,805</u>
Total U.S. Department of Agriculture			121,805	121,805
<u>U.S. DEPARTMENT OF LABOR EMPLOYMENT TRAINING ADMINISTRATION</u>				
<i>Passed through the Ohio Board of Regents:</i>				
H-1B Job TRaining Grants	2014	17.268	<u>239,723</u>	<u>268,256</u>
Total U.S. Department of Labor Employment Training Administration			239,723	268,256
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2014	84.063	525,967	525,967
Rural Education	2014	84.358	44,176	44,176
<i>Passed Through Ohio Department of Education:</i>				
Career and Technical Education - Basic Grants to States				
	2013	84.048	21,480	21,480
	2014		<u>218,288</u>	<u>218,288</u>
Total Career and Technical Education - Basic Grants to States			<u>239,768</u>	<u>239,768</u>
Improving Teacher Quality State Grants	2014	84.367	<u>2,456</u>	<u>2,456</u>
Total U.S. Department of Education			<u>812,367</u>	<u>812,367</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,173,895</u>	<u>\$ 1,202,428</u>

The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON COUNTY**

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



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

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington 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, and have issued our report thereon dated October 30, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career Center's internal control. Accordingly, we have not opined on it.

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

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

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

October 30, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Washington County Career Center
Washington County
21740 State Route 676
Marietta, Ohio 45750

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Washington County Career Center, Washington County, Ohio (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 Career Center's major federal program for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the Career Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affects 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

October 30, 2014

**WASHINGTON COUNTY CAREER CENTER
WASHINGTON 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 weakness conditions 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 weakness conditions 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): <ul style="list-style-type: none"> • Federal Pell Grant, CFDA #84.063 	
<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 FOR FEDERAL AWARDS

None.

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WASHINGTON COUNTY CAREER CENTER

WASHINGTON 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
NOVEMBER 18, 2014**