

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS
(AUDITED)***

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2014***

PAMELA J. ORR, TREASURER

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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Julian & Grube, Inc.
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Independent Auditor's Report

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Tolles Career and Technical 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 Tolles Career and Technical 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 Tolles Career and Technical Center's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof for the fiscal 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*, and required budgetary comparison schedule 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 Tolles Career and Technical Center's basic financial statements taken as a whole.

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

The Schedule is management's responsibility, and derives from and 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 the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2014, on our consideration of the Tolles Career and Technical 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 Tolles Career and Technical Center's internal control over financial reporting and compliance.



Julian & Grube, Inc.
October 27, 2014

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

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

Financial Highlights

Key financial highlights for 2014 are as follows:

Overall:

- Total net position in Governmental Activities is \$22,665,822, an increase of \$1,160,008 from the comparable amount at June 30, 2013.
- The General Fund reported a positive fund balance of \$9,756,680 according to the Balance Sheet.
- In the 2007 fiscal year, the Madison County Budget Commission approved the reinstatement of a portion of the District's effective millage which was temporarily reduced in January, 2003. Effective January 1, 2007, the District's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills. The reinstatement of the final .3 millage results in an approximate annual increase in annual property tax revenues of approximately \$1.54 million.

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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District'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 and what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in a single column. In the case of the District, the general fund is by far the most significant fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the District did financially during fiscal year 2014. 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 considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the District's net position and changes in position. This change in net position is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

In the *Statement of Net Position and the Statement of Activities*, the District reports on the following activity type:

- **Governmental Activities** - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental fund is the General Fund.

Governmental Funds: The District's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The District's basic services are reported in these funds and focus on how money flows into and out of those funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's operations. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

The District financial health remains stable. The District's Net Position at June 30, 2014 was \$22.7 million, with \$9.6 million in unrestricted net position available to meet future District obligations.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

Net Assets - Governmental Activities

	<u>2014</u>	<u>2013</u>
Current assets	\$ 18,104,054	\$ 17,200,816
Non-current	<u>15,464,765</u>	<u>16,060,620</u>
Total assets	<u>33,568,819</u>	<u>33,261,436</u>
Current liabilities	1,149,158	1,141,093
Long-term liabilities	<u>3,460,045</u>	<u>4,072,201</u>
Total liabilities	<u>4,609,203</u>	<u>5,213,294</u>
Deferred Inflows of Resources	<u>6,293,794</u>	<u>6,542,328</u>
Net Position:		
Net investment in capital assets	12,525,917	12,387,040
Restricted	497,490	348,297
Unrestricted	<u>9,642,415</u>	<u>8,770,477</u>
Total net position	<u>\$ 22,665,822</u>	<u>\$ 21,505,814</u>

Net position increased by \$1,160,008 due to the timing of payments of real estate "taxes available," as well management's continued emphasis of containing cost. In Ohio, the portion of property taxes legally available as an advance, on the future August real estate settlement, by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. The certified amounts of taxes available for advance were approximately \$3.6 million, \$3.3 million, and \$3.5 million at June 30, 2014, 2013, and 2012 respectively. This timing resulted in an increase in property tax revenues in 2014 of \$.1 million. The additional increase is due to the reinstatement of the remaining portion of the District's effective millage rate of .3 mills previously discussed. Fiscal 14 was the first full year of collection of such millage rate.

Non-current assets decreased by \$595,855 primarily due to depreciation on existing assets.

Long-term liabilities decreased by \$612,156 primarily due to repayment of existing debt.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

Change in Net Assets - Governmental Activities

	<u>2014</u>	<u>2013</u>
Program revenues:		
Charges for services	\$ 630,174	\$ 517,551
Operating grants	895,048	703,457
General revenues:		
Property taxes	9,542,764	8,759,331
Grants and entitlements	3,126,058	3,165,698
Other	<u>206,387</u>	<u>310,353</u>
Total revenues	<u>14,400,431</u>	<u>13,456,390</u>
Program expenses:		
Instructional:		
Regular	1,798,453	1,755,925
Special	1,051,515	852,882
Vocational	4,427,500	3,937,139
Adult/Continuing	344,154	426,458
Other	183,992	179,661
Support services:		
Pupils	717,442	779,257
Instructional staff	318,947	988,206
Board of education	54,296	62,859
Administration	1,241,361	1,324,730
Fiscal	470,309	473,557
Operation & maintenance of plant	1,541,029	1,528,060
Pupil transportation	26,678	25,234
Central	606,346	239,925
Operation of non-instructional services	252,108	355,493
Extra-curricular activities	77,285	66,256
Interest	<u>129,008</u>	<u>160,276</u>
Total expenses	<u>13,240,423</u>	<u>13,155,918</u>
Increase in Net Position	<u>\$ 1,160,008</u>	<u>\$ 300,472</u>

Property taxes and grants and entitlement represent 88.0 percent of total District revenues. Program revenues for governmental activities are 10.6 percent of total revenues and are primarily represented by charges for tuition and fees and restricted intergovernmental revenues.

The major program expense for governmental activities is for instruction, which is 59.0 percent of all governmental expenses. The increase in the District expenses in 2014 were 0.1 percent.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

Governmental Activities

The table below indicates the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlement.

Programs	Total Cost of Services		Net Cost of Service	
	2014	2013	2014	2013
Instruction	\$ 7,805,614	\$ 7,152,065	\$ 6,562,238	\$ 6,283,595
Support services:				
Pupil and instructional staff	1,036,389	1,767,463	1,003,880	1,720,432
Board of education, administration, and fiscal	1,765,966	1,861,146	1,765,966	1,854,373
Operation & maintenance of plant	1,541,029	1,528,060	1,541,029	1,528,060
Pupil transportation	26,678	25,234	26,678	25,234
Central	606,346	239,925	604,546	238,125
Operation of non-instructional services	252,108	355,493	4,571	58,559
Extracurricular activities	77,285	66,256	77,285	66,256
Interest	129,008	160,276	129,008	160,276
Total	\$ 13,240,423	\$ 13,155,918	\$ 11,715,201	\$ 11,934,910

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$14,349,650 and expenditures of \$13,259,757 in 2014. The net change in fund balance in the General fund for the year was an increase of \$1,951,051.

General Fund Budgeting Highlights

The District'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 District amended its general fund budget as needed.

Original and Final budgeted expenditures in the amount of \$17,449,918 and \$17,710,927, respectively, were \$6,102,630 and \$6,363,639 more than actual expenditures. The District generally over appropriates in case unexpected expenditures arise during the fiscal year. Total actual expenditures on the budget basis (cash outlays plus encumbrances) were \$11,347,288, \$1,393,323 below revenues.

Capital Assets

At the end of fiscal 2014, the District had \$15,464,765 invested in land, buildings, equipment, and vehicles (net of accumulated depreciation); all in governmental activities. Beginning in late fiscal year 2007 the District began a \$9,500,000 construction & renovation project that was funded by the issuance of \$6.5 million various purpose general obligation bonds and available cash balances. See Debt below. Note 6 to the basic financial statement provides additional details regarding capital assets.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Unaudited)**

Debt

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. \$650,000 of these bonds were for the purchase and installation of energy conservation measures. In fiscal 2014 the District made principal payments of \$705,000 on the aforementioned debt.

Current Issues

The District remains stable in a declining economy and uncertainty in State funding. The District covers a diverse area that includes suburban residential areas as well as farming communities in Franklin, Madison, Union, Delaware and Fayette Counties.

The District has maintained an excellent financial position over the last 30 years. In 1972, a 1.8 mill continuing levy was passed. Because of significant growth in the District over the years the millage had been reduced. The last reduction was from 1.1 mill to .5 mill effective January 1, 2003. Effective January 1, 2007, the District's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

Effective with the new bi-annual State Budget Bill, the future governance of Joint Vocational School Districts changed. The new method of selecting Career Center Board Members change is effective September 29, 2013. ORC Section 3311.19 states that existing members serve until expiration of their current term of office. The member districts may then appoint either a member of their own board or an individual from the community. New board members will serve a maximum of two 3-year terms.

Contacting the District's Financial Office

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for monies it receives. Questions concerning any information in this report or requests for additional information should be directed to Pamela J. Orr, Treasurer, 7877 US Highway 42 South, Plain City, Ohio 43064.

Tolles Career & Technical Center
Statement of Net Position
June 30, 2014

	GOVERNMENTAL ACTIVITIES
ASSETS	
Equity in pooled cash and cash equivalents -	
Cash & investments	\$ 7,465,936
Materials and supplies inventory	85,760
Accounts receivable	105,409
Due from other governments	131,088
Prepaid items	21,861
Property taxes receivable	10,294,000
Nondepreciable capital assets	150,000
Depreciable capital assets, net	15,314,765
TOTAL ASSETS	\$ 33,568,819
LIABILITIES	
Accounts payable	\$ 69,612
Accrued wages and benefits	978,743
Due to other governments	92,800
Interest payable	8,003
Long-term Liabilities:	
Due within one year	977,472
Due in more than one year	2,482,573
TOTAL LIABILITIES	4,609,203
DEFERRED INFLOWS OF RESOURCES	6,293,794
NET POSITION	
Net investment in capital assets	12,525,917
Restricted for:	
Capital projects	385,988
Other purposes	111,502
Unrestricted	9,642,415
TOTAL NET POSITION	\$ 22,665,822

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

Tolles Career & Technical Center
Statement of Activities
For the Fiscal Year Ended June 30, 2014

		Program Revenues		Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities				Governmental Activities
Instructional services:				
Regular	\$ 1,798,453	-	-	(1,798,453)
Special	1,051,515	-	374,509	(677,006)
Vocational	4,427,500	388,690	87,471	(3,951,339)
Adult/Continuing	344,154	105,134	219,885	(19,135)
Other	183,992	-	67,687	(116,305)
Support services:				
Pupils	717,442	-	600	(716,842)
Instructional staff	318,947	-	31,909	(287,038)
Board of education	54,296	-	-	(54,296)
Administration	1,241,361	-	-	(1,241,361)
Fiscal	470,309	-	-	(470,309)
Operation & maintenance of plant	1,541,029	-	-	(1,541,029)
Pupil transportation	26,678	-	-	(26,678)
Central	606,346	-	1,800	(604,546)
Operation of Non-Instructional services	252,108	136,350	111,187	(4,571)
Extracurricular student activities	77,285	-	-	(77,285)
Interest	129,008	-	-	(129,008)
Totals	\$ 13,240,423	630,174	895,048	(11,715,201)

General revenues:	
Property taxes levied for -	
General purposes	9,542,764
Grants and entitlements not restricted to specific programs	3,126,058
Investment earnings	32,278
Miscellaneous	174,109
Total general revenues	12,875,209
 Change in Net Position	 1,160,008
 Net Position Beginning of Year	 21,505,814
Net Position End of Year	\$ 22,665,822

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

Tolles Career & Technical Center

Balance Sheet

Governmental Funds

June 30, 2014

	General	Other Governmental Funds	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 6,984,984	480,952	7,465,936
Materials and supplies inventory	75,660	10,100	85,760
Accounts receivable	100,600	4,809	105,409
Intergovernmental receivable	-	131,088	131,088
Prepaid items	21,861	-	21,861
Property taxes receivables	10,294,000	-	10,294,000
<i>TOTAL ASSETS</i>	\$ 17,477,105	626,949	18,104,054
LIABILITIES			
Accounts payable	\$ 40,787	28,825	69,612
Accrued wages and benefits	899,010	79,733	978,743
Intergovernmental payables	75,228	17,572	92,800
 <i>TOTAL LIABILITIES</i>	 1,015,025	 126,130	 1,141,155
 DEFERRED INFLOWS OF RESOURCES	 6,705,400	 -	 6,705,400
FUND BALANCES			
Non-spendable:			
Inventories	75,660	10,100	85,760
Prepaid items	21,861	-	21,861
Restricted for:			
Adult Education	-	20,921	20,921
Food Service	-	22,255	22,255
Federal Grants	-	12,567	12,567
State Grants	-	37,486	37,486
Other purposes	-	11,502	11,502
Capital Projects	-	385,988	385,988
Assigned	9,659,159	-	9,659,159
 <i>TOTAL FUND BALANCES</i>	 9,756,680	 500,819	 10,257,499
 <i>TOTAL LIABILITIES, DEFERRED INFLOWS and FUND BALANCES</i>	 \$ 17,477,105	 626,949	 18,104,054

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

Tolles Career & Technical Center
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014*

Total Governmental Fund Balances	\$ 10,257,499
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not functional resources and therefore are not reported in the funds.	15,464,765
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.	
Property taxes	411,606
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Interest payable	(8,003)
Compensated absences	(521,197)
Premium, net	(79,721)
Bonds payable	(2,780,000)
Capital lease obligations	(79,127)
Net Position of Governmental Activities	<u>\$ 22,665,822</u>

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

Tolles Career & Technical Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General	Other Governmental Funds	Total
REVENUES:			
Taxes	\$ 9,491,983	-	9,491,983
Intergovernmental	3,190,113	830,993	4,021,106
Interest	32,278	-	32,278
Tuition and fees	205,101	104,122	309,223
Charges for services	-	136,350	136,350
Miscellaneous	354,266	4,444	358,710
TOTAL REVENUES	13,273,741	1,075,909	14,349,650
EXPENDITURES:			
Current:			
Instructional services:			
Regular	1,782,980	4,950	1,787,930
Special	747,950	296,050	1,044,000
Vocational	3,733,422	102,078	3,835,500
Adult/Continuing	-	344,506	344,506
Other instruction	125,973	58,019	183,992
Support services:			
Pupils	635,900	35,551	671,451
Instructional staff	275,395	22,217	297,612
Board of education	54,296	-	54,296
Administration	1,172,373	8,363	1,180,736
Fiscal	466,387	-	466,387
Operation & maintenance of plant	1,556,612	-	1,556,612
Pupil transportation	26,678	-	26,678
Central	589,789	1,800	591,589
Operation of Non-Instructional services	-	234,152	234,152
Extracurricular	76,777	-	76,777
Debt service:			
Principal repayment	23,089	705,000	728,089
Interest	14,303	124,381	138,684
Capital outlay	40,766	-	40,766
TOTAL EXPENDITURES	11,322,690	1,937,067	13,259,757
<i>Excess (deficiency) of revenues over expenditures</i>	1,951,051	(861,158)	1,089,893
OTHER FINANCING SOURCES (USES):			
Transfers in	-	1,009,381	1,009,381
Transfers out	(1,009,381)	-	(1,009,381)
TOTAL OTHER FINANCING SOURCES (USES)	(1,009,381)	1,009,381	-
NET CHANGE IN FUND BALANCES	941,670	148,223	1,089,893
FUND BALANCES AT BEGINNING OF YEAR	8,815,010	352,596	9,167,606
FUND BALANCE AT END OF YEAR	\$ 9,756,680	500,819	10,257,499

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

Tolles Career & Technical Center
*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 Changes in Fund Balances - Total Governmental Funds \$ 1,089,893

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

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

	Capital outlay	\$ 532,367	
	Depreciation	<u>1,038,554</u>	(506,187)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	50,781
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Repayment of bonds and lease payable are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and does not result in expenses in the statement of activities.	728,089
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.	3,033
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	(122,576)
Loss on disposal of assets	(89,668)
Amortization, net	
Amortization of bond premium	6,643

Change in Net Position of Governmental Activities	<u><u>\$ 1,160,008</u></u>
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The notes to the financial statements are an integral part of this statement.

Tolles Career & Technical Center
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

		Agency
ASSETS		
Equity in pooled cash and cash equivalents	\$	8,586
Accounts receivable		250
		8,836
TOTAL ASSETS		8,836
 LIABILITIES		
Due to Others		8,836
		8,836
TOTAL LIABILITIES	\$	8,836

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2014**

Note 1. Description of the School District and Reporting Entity

Reporting Entity

The Tolles Career & Technical Center (the District) was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The District is a fiscally independent political subdivision of the State of Ohio. The District is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The District had been supported by a 1.6 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program. At the request of the District's Board of Education, the Madison County Budget Commission reduced the District's continuing operating mills to .5 mills effective January, 2003. On November 20, 2006, the Madison County Budget Commission agreed to reinstate the District's millage to 1.3 mills effective January 1, 2007. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the District's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The District provides job training leading to employment upon graduation from high school. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

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

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

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and with the Metropolitan Educational Council (MEC), a jointly governed organization. These organizations are presented in Notes 13 and 14 to the basic financial statements.

Note 2. Summary of Significant Accounting Policies

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental 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. Fiduciary funds are reported by type.

B. Fund Accounting

The District 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 District are reported in two categories: governmental and fiduciary.

Governmental Fund Types

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 liabilities is reported as fund balances. The District has one major governmental fund:

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The District's fiduciary fund is an agency fund. An agency fund is purely custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Measurement Focus/Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects 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 statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows 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 the 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 District, available means expected to be received within sixty days of the fiscal year-end.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

D. Basis of Accounting (Continued)

Revenues - Exchange and Non-Exchange Transactions (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the 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 year-end: property taxes available as an advance, tuition, grants, and fees.

Deferred Inflows of Resources

Deferred inflows of resources arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources.

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

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 Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". During the fiscal year all investments were limited to certificates of deposit, the State Treasury Asset Reserve of Ohio (STAR Ohio) and federal agency securities.

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

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

F. Inventories

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

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items.

H. Capital Assets

Capital assets generally result from expenditures of governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values on the date donated. The District maintains capitalization at \$300. The District does not have 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 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>
Building and Building Improvements	15 – 50 years
Furniture and Fixtures	5 – 25 years
Vehicles	5 – 15 years
Equipment	6 – 20 years

I. Interfund Assets/Liabilities

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. Interfund balances within governmental activities are eliminated on the government wide statement of net position.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 as well as those that are probable of receiving payments 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 District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Capital leases are recognized as a liability on the fund financial statements when due.

L. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

M. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Non-spendable-resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted-resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed-resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned-resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned-residual fund balance within the General Fund that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classification could be uses.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets are recorded net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Estimates

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

P. Change in Accounting Principles

For fiscal year 2014, the District implemented GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on these financial statements.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2012, the GASB issued Statement No. 67, "Financial reporting for Pension Plans—an amendment of GASB Statement No. 25." The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Disclosures," as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. The District has not determined the effects, if any; GASB Statement No. 67 will have on its financial statements.

In June 2012, the GASB issued Statement No. 68, "*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*" The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014. The District has not determined the effects, if any; GASB 68 will have on its financial statements.

Note 3. Cash and Investments

A. Cash

The investment and deposit of the District's monies is governed by the provisions of the ORC. In accordance with these statutes, the District is authorized to invest in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and STAR Ohio. During fiscal year 2014, investments were limited to STAR Ohio, CDs, and federal agency securities. Earnings on investments are credited to the General Fund except earnings specifically related to the Capital Projects Fund, Food Service Fund, and the Agency Fund which is in compliance with ORC Section 3315.01. In fiscal 2014 total investment income of \$32,278 was recorded in the General Fund, which includes \$3,363 assigned from other District 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 Securities Exchange Commission as an investment company, but does operate in a manner similar to 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.

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. State law does not require security for public deposits and investments to be maintained in the District's name. During 2014 the District and public depositories complied with the provisions of these statutes.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 3. Cash and Investments (Continued)

B. Deposits with Financial Institutions

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At June 30, 2014, the carrying amount of all District deposits, inclusive of \$5,000,000 in certificates of deposits, was \$7,473,262. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2014, \$4,693,746 of the District's bank balance of \$7,801,290 was exposed to custodial risk as discussed above, while \$3,107,544 was covered by Federal Deposit Insurance Corporation. Additionally the District had \$1,210 of cash on hand.

C. Investments

As of June 30, 2014, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
STAROhio	\$ 50	50	-	-	-

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District limits investment portfolio maturities to two years or less.

Credit Risk. The District does not have a formal policy limiting credit risk. Standard & Poor's has assigned StarOhio an AAAM money market rating.

Concentration of Credit Risk. The District places no limit on the amount that may be invested in any one issuer.

Note 4. Property Taxes

Property taxes are levied, assessed and collected on a calendar year basis, while the District's fiscal year runs from July through June. They include amounts levied against all real, public utility, and tangible personal property located in the member's District boundaries. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is usually due January 20, with the remainder payable June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 4. Property Taxes (Continued)

The District receives property taxes from Madison, Franklin, Union, Delaware and Fayette Counties. Tax settlements are made each February and August for real property and each June and October for personal property taxes.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of fiscal year end, and for which there was an enforceable legal claim. Although, total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The receivable is offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2014 was \$3,588,600.

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On the modified accrual basis, the revenue is a deferred inflow of resources.

The full tax rate at the fiscal year ended June 30, 2014 for operations was \$1.60 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2014 taxes were collected were as follows:

Real Property - Commercial/Industrial	\$	1,506,354,260
Real Property - Residential/Agricultural		4,808,080,940
Personal Property - General		<u>165,871,530</u>
Total Assessment Value	\$	<u><u>6,480,306,730</u></u>

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 5. Receivables

Receivables at June 30, 2014 consisted of taxes, accounts (tuition and student fees), interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

Governmental Activities	Amount
Other Governmental Funds:	
Food Service	\$ 9,598
High School To Work	3,710
Able Grant	43,788
CDP Grant	63,015
Misc. Federal Grants	10,977
Total Governmental Activities	\$ 131,088

Note 6. Capital Assets

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

	Balance June 30, 2013	Additions	Disposals	Transfers	Balance June 30, 2014
Capital Assets used in:					
Governmental Activities					
Nondepreciable capital assets-					
Land	150,000	-	-	-	150,000
Total nondepreciable capital assets	150,000	-	-	-	150,000
Depreciable capital assets:					
Building and building improvements	21,734,590	-	-	63,717	21,798,307
Furniture and equipment	7,451,706	532,367	337,698	(63,717)	7,582,658
Vehicles	179,442	-	-	-	179,442
Total depreciable capital assets	29,365,738	532,367	337,698	-	29,560,407
Accumulated depreciation:					
Building and building improvements	8,858,853	518,902	-	-	9,377,755
Furniture and equipment	4,497,135	513,681	248,030	-	4,762,786
Vehicles	99,130	5,971	-	-	105,101
Total accumulated depreciation	13,455,118	1,038,554	248,030	-	14,245,642
Total depreciable capital assets, net	15,910,620	(506,187)	89,668	-	15,314,765
Total governmental activities capital assets, net	16,060,620	(506,187)	89,668	-	15,464,765

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 6. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Instructional:			
Regular	\$	23,440	
Special		6,446	
Vocational		767,504	
Adult/Continuing		617	
Support services:			
Pupil		39,286	
Instructional staff		115,866	
Administration		8,575	
Fiscal		1,847	
Operation and maintenance of plant		56,616	
Central		-	
Other operation of non-instructional services		17,896	
Extra curricular activities		461	
Total depreciation		<u>\$ 1,038,554</u>	

Note 7. Long-Term Obligations

Changes in the District's long-term obligations during fiscal year 2014 were as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Amount due in One Year
<i>Governmental Activities</i>					
General obligations bonds	3,485,000	-	705,000	2,780,000	735,000
Premium on issuance of general obligations bonds	86,364	-	6,643	79,721	6,643
Capital Leases Payable	102,216	-	23,089	79,127	26,949
Compensated absences payable	<u>398,621</u>	<u>281,578</u>	<u>159,002</u>	<u>521,197</u>	<u>208,880</u>
Total Governmental Activities Long-term Obligation	<u>4,072,201</u>	<u>281,578</u>	<u>893,734</u>	<u>3,460,045</u>	<u>977,472</u>

Payments of principal and interest relating to the bonds and the capital lease agreement are recorded as expenditures in the Bond Retirement Fund and General Fund, respectively. Compensated absences are paid from the General Fund for all funds except the Adult Education fund.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 7. Long-Term Obligations (Continued)

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. A portion of these bonds, \$650,000, were for the purchase and installation of energy conservation measures, which were initially, paid from existing General Fund monies. As a result, proceeds of \$650,000 were recorded in the General Fund. Bond issuance costs of \$121,375 were incurred in conjunction with the issuance. The effective interest rate on the bonds outstanding is 3.8%.

The following is a schedule of the future annual debt service requirements for the general obligation bonds:

Year	Principal	Interest	Total
2015	\$ 735,000	\$ 96,041	\$ 831,041
2016	655,000	68,700	723,700
2017	680,000	42,000	722,000
2018	710,000	14,200	724,200
Total	\$ 2,780,000	\$ 220,941	\$ 3,000,941

Note 8. Capital Leases

The District entered into a capital lease agreement in fiscal 2012 and retired a previous agreement early. The new agreement is for six copiers with a total value of \$ 129,381. Principal payments made from General fund on the leases in 2014 and 2013 were \$23,089 and \$19,783, respectively.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments of June 30, 2014:

Year	Governmental Activities
2015	\$ 37,392
2016	37,392
2017	21,772
Total	96,556
Less: Amount representing interest	(17,429)
Present Value of Net Minimum Lease Payments	\$ 79,127

Note 9. Interfund Activity

As of June 30, 2014 there were no interfund receivables and payables. Operating transfers were made from the General Fund to Other Governmental Funds in the amounts of \$829,381, \$100,000, \$20,000 and \$60,000. These amounts were used to pay current year debt service, provide monies for capital activities, and subsidize the Lunchroom and Adult Education Fund operations, respectively.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 10. Defined Benefit Pension Plans

State Teachers Retirement System

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

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

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2014, 2013, and 2012 were \$778,157, \$756,668, and \$764,420, respectively; 100% of the required contributions. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

Social Security System

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 10. Defined Benefit Pension Plans (Continued)

School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$205,215, \$229,035, and \$223,888, respectively; 100% of the required contributions.

Note 11. Postemployment Benefits Other than Pension Benefits

State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$55,583, \$54,048, and \$54,601; respectively.

School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 11. Postemployment Benefits Other than Pension Benefits (Continued)

School Employees Retirement System

3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status. The School District contributions assigned to health care for the years fiscal years ended June 30, 2014, 2013 and 2012 were \$20,752, \$23,161, and \$54,601; respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Note 12. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only administrative and twelve month school support personnel accumulate vacation based on the following factors:

<u>Years of Service</u>	<u>Vacation Days</u>
After 1 Year	10
5 or more Years	15
10 or more Years	20

All administrative personnel earn twenty days vacation annually.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 12. Compensated Absences (Continued)

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 335 days. Upon retirement, all employees with 20 year of service to the District receive 27% of accumulated sick leave. All other qualified employees receive 25% of accumulated sick leave.

Note 13. Risk Management

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$3,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$46,590,061 (subject to scheduled limits). The District maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions of coverage from the prior years.

B. Workers' Compensation-Public Entity Risk Pool

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

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

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 13. Risk Management (Continued)

C. Employee Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Council insurance purchasing program. The District has elected to provide employee medical/surgical benefits through United HealthCare and dental benefits through Oasis Trust, fully funded programs.

Note 14. Jointly Governed Organizations

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

Note 15. Contingencies

A. Grants

The District 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 District at June 30, 2014.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

Note 16. Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into a Capital Maintenance Reserve. During the fiscal year ended June 30, 2014, the reserve activity was as follows:

	Capital Maintenance Reserve
Set-Aside Cash Balance as of July 1, 2013	\$ -
Current Year Set-Aside Requirement	101,413
Qualifying Disbursements	<u>(378,193)</u>
Total	<u>(276,780)</u>
Cash Balance Carried Forward to Fiscal Year 2015	<u><u>\$ -</u></u>

The District had qualifying disbursements during the year that reduced the set-aside amount below zero. These amounts may be used to reduce the set-aside requirement of future years. Negative amounts, however, are not presented as being carried forward to the next fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

Tolles Career & Technical Center
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual

For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 9,184,000	\$ 9,231,000	\$ 9,230,230	\$ (770)
Intergovernmental	3,165,191	3,192,190	3,190,113	(2,077)
Interest	30,000	30,000	23,344	(6,656)
Tuition and Fees	184,000	204,400	205,101	701
Miscellaneous	28,000	54,601	91,823	37,222
Total Revenues	<u>12,591,191</u>	<u>12,712,191</u>	<u>12,740,611</u>	<u>28,420</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,888,951	1,971,310	1,846,501	124,809
Special	737,200	737,938	714,950	22,988
Vocational	3,835,507	3,944,310	3,532,224	412,086
Other	153,800	154,750	127,258	27,492
Support Services:				
Pupils	715,700	730,156	685,645	44,511
Instructional Staff	353,856	379,623	337,142	42,481
Board of Education	94,600	117,237	84,339	32,898
Administration	1,303,800	1,348,460	1,179,513	168,947
Fiscal	478,600	483,074	469,332	13,742
Business	20,000	25,000	5,007	19,993
Operation and Maintenance of Plant	1,567,839	1,730,556	1,617,104	113,452
Pupil Transportation	22,000	32,550	28,381	4,169
Central	572,800	620,172	598,984	21,188
Operation of Non-Instructional/Shared Services:				
Food Service Operations	4,000	4,000	3,198	802
Extracurricular Activities:				
Academic Oriented Activities	1,500	1,650	1,636	14
Occupation Oriented Activities	84,765	91,265	75,308	15,957
Capital Outlay:				
Site Improvement Services	0	27,191	27,191	0
Building Acquisition and Construction Services	5,600,000	5,296,685	500	5,296,185
Building Improvement Services	15,000	15,000	13,075	1,925
Total Expenditures	<u>17,449,918</u>	<u>17,710,927</u>	<u>11,347,288</u>	<u>6,363,639</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,858,727)</u>	<u>(4,998,736)</u>	<u>1,393,323</u>	<u>6,392,059</u>
OTHER FINANCING SOURCES AND USES:				
Refund of Prior Year Expenditures	0	16,000	16,178	178
Transfers Out	(997,381)	(1,009,481)	(1,009,381)	100
Total Other Financing Sources and Uses	<u>(997,381)</u>	<u>(993,481)</u>	<u>(993,203)</u>	<u>278</u>
Net Change in Fund Balances	(5,856,108)	(5,992,217)	400,120	6,392,337
Fund Balance (Deficit) at Beginning of Year	5,914,932	5,914,932	5,914,932	0
Prior Year Encumbrances Appropriated	216,442	216,442	216,442	0
Fund Balance (Deficit) at End of Year	<u>\$ 275,267</u>	<u>\$ 139,158</u>	<u>\$ 6,531,495</u>	<u>\$ 6,392,337</u>

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE A - BUDGETARY DATA

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of 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 amount that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District's Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted by fund. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect at the time the final appropriations were passed by the Board.

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

NOTE B - RECONCILING BUDGET BASIS AND GAAP

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis); and
- D. Investments are recorded at cost (budget basis) as opposed to fair value (GAAP basis).

**TOLLES CAREER & TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE B - RECONCILING BUDGET BASIS AND GAAP (Continued)

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

Changes in Fund Balance GAAP Basis	\$ 941,670
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals	(348,580)
Expenditure Accruals	(188,717)
Funds Budgeted Elsewhere	(20,431)
Other financing Sources/(Uses)	<u>16,178</u>
Budget Basis	<u><u>\$ 400,120</u></u>

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SUPPLEMENTARY DATA

**TOLES CAREER AND TECHNICAL CENTER
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Grant Cluster:				
(C) (D) School Breakfast Program	10.553	2014	\$ 17,725	\$ 17,725
(C) (D) National School Lunch Program	10.555	2014	71,417	71,417
(C) (E) National School Lunch Program - Food Donation	10.555	2014	17,899	17,899
Total National School Lunch Program			89,316	89,316
Total Child Nutrition Grant Cluster			107,041	107,041
Total U.S. Department of Agriculture			107,041	107,041
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Adult Education_Basic Grants to States	84.002	2013	1,125	9,427
Adult Education_Basic Grants to States	84.002	2014	77,247	178,446
Total Adult Education_Basic Grants to States			78,372	187,873
Career and Technical Education_Basic Grants to States	84.048	2013	65,004	62,006
Career and Technical Education_Basic Grants to States	84.048	2014	335,418	335,419
Total Career and Technincal Education_Basic Grants to States			400,422	397,425
Rural Education	84.358	2013	25,501	25,502
Rural Education	84.358	2014	41,415	41,381
Total Rural Education			66,916	66,883
Improving Teacher Quality State Grants	84.367	2013	3,386	3,386
Improving Teacher Quality State Grants	84.367	2014	1,307	1,307
Total Improving Teacher Quality State Grants			4,693	4,693
Total U.S. Department of Education			550,403	656,874
Total Federal Financial Assistance			\$ 657,444	\$ 763,915

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:

- (A) OAKS did not assign pass-through numbers for fiscal year 2014.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Required By *Government Auditing Standards***

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Tolles Career and Technical Center's basic financial statements and have issued our report thereon dated October 27, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Tolles Career and Technical 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 Tolles Career and Technical 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 Tolles Career and Technical 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.

Board of Education
Tolles Career and Technical Center

Compliance and Other Matters

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
October 27, 2014



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Tolles Career and Technical Center
Madison County
7877 U.S. Highway 42 South
Plain City, Ohio 43064

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Tolles Career and Technical Center's 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 Tolles Career and Technical Center's major federal program for the fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings and responses identifies the Tolles Career and Technical Center's major federal program.

Management's Responsibility

The Tolles Career and Technical 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 Tolles Career and Technical Center's compliance for the Tolles Career and Technical 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 Tolles Career and Technical 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 Tolles Career and Technical Center's major program. However, our audit does not provide a legal determination of the Tolles Career and Technical Center's compliance.

Board of Education
Tolles Career and Technical Center

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The Tolles Career and Technical 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 Tolles Career and Technical 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 Tolles Career and Technical 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.



Julian & Grube, Inc.
October 27, 2014

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Career and Technical Education_Basic Grants to States, CFDA #84.048
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$300,000 Type B: All others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None