



Dave Yost • Auditor of State



**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Statement of Net Position .....	14
Statement of Activities.....	15
Balance Sheet – Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	20
Statement of Net Position – Fiduciary Funds.....	21
Notes to the Basic Financial Statements .....	22
Schedules of Other Information:	
Schedule of the School District's Proportionate Share of The Net Pension Liability School Employees Retirement System (SERS) of Ohio.....	58
Schedule of the School District's Proportionate Share of The Net Pension Liability State Teachers Retirement System (STRS) of Ohio .....	59
Schedule of the School District Contributions School Employees Retirement System (SERS) of Ohio.....	60
Schedule of the School District Contributions State Teachers Retirement System (STRS) of Ohio .....	61
Schedule of Federal Awards Receipts and Expenditures.....	63
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	64
Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By <i>Government Auditing Standards</i> .....	65
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 .....	67
Schedule of Findings.....	69

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Mahoning County Career and Technical Center  
Mahoning County  
7300 North Palmyra Road  
Canfield, Ohio 44406

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mahoning County Career and Technical Center, Mahoning County, Ohio (the "Center"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the 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 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 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, each major fund, and the aggregate remaining fund information of Mahoning County Career and Technical Center, Mahoning County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Government adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Center also reevaluated capital assets which resulted in a restatement of the beginning balance. We did not modify our opinion regarding these matters.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, on our consideration of the 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 Center's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 18, 2015

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# **Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

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This discussion and analysis of the Mahoning County Career & Technical Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the 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 fiscal year 2015 are as follows:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015, by \$6,695,449 and net position decreased by \$549,310 during the fiscal year.
- General revenues accounted for \$11,242,283 in revenue or 83 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$2,337,315 or 17 percent of total revenues of \$13,579,598. The increase in total revenue was the result of an increase in property taxes from the prior fiscal year.
- The District had \$14,128,908 in expenses related to governmental activities; only \$2,337,315 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,242,283 were not quite adequate to provide for these programs this fiscal year.
- The general fund had \$11,619,153 in revenues and \$11,112,735 in expenditures, excluding other financing sources and uses. The general fund balance increased by \$598,133 to \$21,957,344, which represents an increase of nearly three percent.
- The District hired an outside company to perform an overall tracking and revaluation of all of its capital assets, which resulted in an overall decrease to beginning net position of \$10,799,496.
- The District implemented GASB 68 during the fiscal year, which resulted in the inclusion of a net pension liability of \$16,011,611. For more information on this liability see Note 12 to the basic financial statements.

## **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand the District as an entire operating entity. The statements begin at a summary level 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 as well as 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 one column. The general fund and the building capital projects fund are the most significant governmental funds of the District and are the only funds reported as major.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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**Reporting the District as a Whole**

Statement of Net Position and the Statement of Activities

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

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Changes to the District's net position are a direct result of the District's property tax base, facility conditions, required educational programs, student enrollment, and general inflation.

In the Statement of Net Position and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, and extracurricular activities.

**Reporting the District's Most Significant Funds**

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 16. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The general fund and the building capital projects fund are the most significant governmental funds of the District and are the only funds reported as major.

Governmental Funds

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

**The District as a Whole**

As stated previously the Statement of Net Position provides the perspective of the District as a whole.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

Table 1 provides a summary of the District's Net Position for fiscal year 2015 compared to 2014.

<b>Net Position (Table 1)</b>			
<b>Governmental Activities</b>			
	2015	(Restated) 2014	Change
<b>Assets</b>			
Current and Other Assets	\$39,578,218	\$29,274,344	\$10,303,874
Capital Assets, Net	15,384,352	14,784,655	599,697
<i>Total Assets</i>	<u>54,962,570</u>	<u>44,058,999</u>	<u>10,903,571</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	1,468,637	1,537,479	(68,842)
Pension - STRS	781,419	708,201	73,218
Pension - SERS	186,604	164,049	22,555
<i>Total Deferred Outflows of Resources</i>	<u>2,436,660</u>	<u>2,409,729</u>	<u>26,931</u>
<b>Liabilities</b>			
Current Liabilities	1,358,865	950,275	408,590
Long-Term Liabilities			
Due within One Year	572,879	478,837	94,042
Due in More than One Year - Pension	13,469,497	16,011,611	(2,542,114)
Due in More than One Year - Other	26,460,453	15,455,253	11,005,200
<i>Total Liabilities</i>	<u>41,861,694</u>	<u>32,895,976</u>	<u>8,965,718</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,396,712	6,327,993	68,719
Pension - STRS	2,112,681	0	2,112,681
Pension - SERS	332,694	0	332,694
<i>Total Deferred Inflows of Resources</i>	<u>8,842,087</u>	<u>6,327,993</u>	<u>2,514,094</u>
<b>Net Position</b>			
Net Investment in Capital Assets	2,315,906	1,506,002	809,904
Restricted	24,032,985	95,512	23,937,473
Unrestricted (Deficit)	(19,653,442)	5,643,245	(25,296,687)
<i>Total Net Position</i>	<u>\$6,695,449</u>	<u>\$7,244,759</u>	<u>(\$549,310)</u>

During 2015, the District adopted GASB Statement No 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27", which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and subtracting deferred outflows related to pension and the net pension liability.

Governmental Accounting Standards Board standards are national and apply to all governmental financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB No. 27 focused on a funding approach. This approach limited pension costs to contributions manually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

## Mahoning County Career & Technical Center

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

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Under the new standards required by GASB No. 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the District, part of a bargained-for benefit to the employee, and should accordingly be reported by the District as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by state statute. A change in these caps requires action of both Houses of the General Assembly, and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the District. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension payments, state statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB No. 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability.

As a result of implementing GASB No. 68, the District is reporting a net pension liability and deferred outflows and inflows of resources related to pension on the accrual basis of accounting. This implementation, coupled with the restatement of capital assets, had the effect of restating net position at June 30, 2014, from \$33,183,613 to \$7,244,759.

Total assets increased by \$10,903,571 during the fiscal year. Capital assets increased by \$599,697 due to capital outlays exceeding current year depreciation. Current and other assets also increased due to cash and investment balances increasing as debt proceeds were not entirely spent by year end.

Total liabilities increased by \$8,965,718 due to the District issuing new certificates of participation for \$9,595,000 and general obligation bonds \$1,749,999.

Over time, net position can serve as a useful indicator of a government's financial position. At the fiscal year-end, the District's net position was \$6,695,449.

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

Table 2 shows the change in Net Position for fiscal year ended June 30, 2015 as compared to 2014.

<b>Table 2</b>			
Change in Net Position Governmental Activities			
	2015	(Restated) 2014	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$1,368,919	\$1,434,687	(\$65,768)
Operating Grants and Contributions	968,396	801,691	166,705
<b>Total Program Revenues</b>	<b>2,337,315</b>	<b>2,236,378</b>	<b>100,937</b>
<b>General Revenues</b>			
Property Taxes	6,403,920	6,218,643	185,277
Grants and Entitlements not Restricted to Specific Programs	4,076,757	4,364,357	(287,600)
Investment Earnings	321,757	308,958	12,799
Miscellaneous	439,849	168,723	271,126
<b>Total General Revenues</b>	<b>11,242,283</b>	<b>11,060,681</b>	<b>181,602</b>
<b>Total Revenues</b>	<b>13,579,598</b>	<b>13,297,059</b>	<b>282,539</b>
<b>Program Expenses</b>			
Current:			
Instruction:			
Regular	1,461,673	1,431,606	(30,067)
Vocational	4,841,895	5,633,855	791,960
Adult/Continuing	1,020,185	1,125,645	105,460
Support Services:			
Pupils	927,138	922,086	(5,052)
Instructional Staff	866,560	677,906	(188,654)
Board of Education	57,832	51,797	(6,035)
Administration	986,280	1,111,326	125,046
Fiscal	455,306	411,593	(43,713)
Business	453	230	(223)
Operation and Maintenance of Plant	1,768,799	1,262,296	(506,503)
Pupil Transportation	31,760	26,865	(4,895)
Central	119,544	153,097	33,553
Operation of Non-Instructional Services	0	2,053	2,053
Operation of Food Services	297,663	300,755	3,092
Extracurricular Activities	58,343	86,681	28,338
Interest and Fiscal Charges	1,235,477	696,261	(539,216)
<b>Total Program Expenses</b>	<b>14,128,908</b>	<b>13,894,052</b>	<b>(234,856)</b>
<b>Change in Net Position</b>	<b>(549,310)</b>	<b>(596,993)</b>	<b>517,395</b>
Net Position Beginning of Year - Restated	7,244,759	7,841,752	(596,993)
<b>Net Position End of Year</b>	<b>\$6,695,449</b>	<b>\$7,244,759</b>	<b>(\$79,598)</b>

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

The information necessary to restate the fiscal year 2014 beginning balances and fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB No. 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$872,250 computed under GASB No. 27. GASB No. 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB No. 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB No. 68, the fiscal year 2015 statements report negative pension expense of \$851,709.

In order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$14,128,908
Pension expense under GASB 68	(648,126)
2015 contractually required contributions	840,638
Adjusted 2015 Program Expenses	14,321,420
Total 2014 program expenses under GASB 27	13,894,052
Increase in program expenses not related to pension	\$427,368

## Governmental Activities

Net Position of the District's governmental activities decreased \$549,310 during fiscal year 2015. Total governmental expenses of \$14,128,908 were partially offset by program revenues of \$2,337,315 and general revenues of \$11,242,283. General revenues supported 80 percent of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent over 77 percent of all governmental revenue.

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

**Table 3**  
Total and Net Cost of Program Services  
Governmental Activities

	2015		2014	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$7,323,753	\$5,909,184	\$8,191,106	\$6,731,417
Support Services	5,213,672	4,580,660	4,617,196	4,144,494
Operation of Non-Instructional Services	0	0	2,053	(16,571)
Food Service Operation	297,663	7,929	300,755	15,392
Extracurricular Activities	58,343	58,343	86,681	86,681
Interest and Fiscal Charges	1,235,477	1,235,477	696,261	696,261
<i>Total Expenditures</i>	<u>\$14,128,908</u>	<u>\$11,791,593</u>	<u>\$13,894,052</u>	<u>\$11,657,674</u>

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

**The District's Funds**

Information regarding the School District's major funds begins on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources, of \$25,799,796 to offset expenditures, including other financing uses, of \$15,998,991. The net change in fund balance for the year was most significant in the building fund, a new major fund of the District, which increased \$8,691,858 due to unspent certificate of participation proceeds. As one can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes are the largest revenue source, accounting for more than 47 percent of total governmental revenue, excluding other financing sources.

**General Fund** The District's general fund balance increased \$598,133 from \$21,359,211 to \$21,957,344. Overall, revenues increased \$210,764 with the majority of this increase relating to property taxes. Expenditures decreased by \$138,292 with instruction expenditures decreasing during fiscal year 2015.

**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 fund to be budgeted is the main operating fund of the District, the general fund.

During the course of fiscal year 2015, the District approved amendments to its original general fund appropriations. The District budget is adopted on a fund basis and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue and other financing sources totaled \$687,609 more than original estimates and \$21,986 more than final estimates. Actual expenditures and other financing uses totaled \$524,584 less than original appropriations and \$227,890 less than final amended appropriations. The majority of this difference was due to a conservative budgeting approach.

**Capital Assets**

For fiscal year 2015, the District hired an outside company to perform an overall tracking and revaluation of all of its capital assets. This revaluation resulted in the district reclassifying vehicles as furniture, fixtures and equipment and also an overall decrease to beginning net position of \$10,799,496.

At the end of fiscal year 2015, the District had \$15,384,352 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

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

	2015	(Restated) 2014
Land	\$125,000	\$125,000
Construction in Progress	1,237,468	0
Land Improvements	334,602	364,922
Buildings and Improvements	12,368,596	12,755,792
Furniture, Fixtures and Equipment	1,318,686	1,538,941
<i>Total</i>	<b>\$15,384,352</b>	<b>\$14,784,655</b>

## Mahoning County Career & Technical Center

Mahoning County, Ohio

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

All capital assets, except land, are reported net of depreciation. The \$599,697 increase in capital assets was the result of current year additions of \$1,274,963 exceeding depreciation of \$675,266. For more information about the District's capital assets, see Note 10 to the basic financial statements.

### Long-Term Obligations

During the fiscal year, the District issued General Obligation Bonds of \$1,749,999 to improve the roof at the Career Center. The bonds mature in 2035 and have an interest rate that ranges from 2 to 4 percent.

During the fiscal year, the District issued also issued \$9,595,000 in Certificates of Participation for the purpose of various site improvements. The Certificates mature in 2036 and have an interest rate that ranges from 3.375 to 6.25 percent.

In a prior fiscal year, the District issued \$15,300,000 in Certificates of Participation for the purpose of constructing, furnishing, improving, equipping, lease and eventual acquisition, of additions, renovations and other improvements to the Career Center Building and related site improvements. During fiscal year 2011, the District advance refunded all but \$450,000 of these certificates. The refunding Certificates of Participation were issued in the amount of \$16,360,000, and included an original issue discount of \$53,037. The advance refunding resulted in a net present value benefit of \$1,914,257 and \$3,357,956 in cash flow savings for the District.

The following is a summary of the outstanding long-term obligations of the district, excluding pensions.

**Table 5  
Outstanding Long-Term Obligations**

	Governmental Activities	
	2015	2014
1/18/15 General Obligation Bonds	\$1,730,000	\$0
Unamortized Original Issue Premium	91,243	0
Capital Appreciation Bonds	19,999	0
Accretion on Capital Appreciation Bonds	2,061	0
11/20/14 Certificates of Participation	9,595,000	0
Unamortized Original Issue Discount	(99,234)	0
10/15/09 Advance Refunded Certificates of Participation	14,450,000	14,860,000
Unamortized Original Issue Discount	(41,907)	(43,871)
Capital Lease	128,990	0
Compensated Absences	1,157,180	1,117,961
Totals	<u>\$27,033,332</u>	<u>\$15,934,090</u>

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District. For more information about the District's long-term obligations, see Note 17 to the basic financial statements.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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**Current Related Financial Activity**

Effective July 1, 2013 the new two year state operating budget in the form of House Bill 59 was signed into law by Governor Kasich. The biennial budget bill included many changes for local school districts including a new funding model for career and technical education. The basic aid formula is similar to previous years, with the exception of using a three year annualized ADM for the calculation. Increases will be capped in each of two fiscal periods, 6.2 percent in 2014 and 10.5 percent in 2015. Weighted funds will be based on specific dollar amounts from program "tiers" developed by the Department of Education and the Governor's Office of Workforce Transformation.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Blaise Karlovic, Treasurer, Mahoning County Career & Technical Center, 7300 North Palmyra Road, Canfield, Ohio 44406 or email at [BLAISE.KARLOVIC@MAHONINGCTC.COM](mailto:BLAISE.KARLOVIC@MAHONINGCTC.COM).

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Statement of Net Position**June 30, 2015*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$579,576
Investments	30,862,683
Cash and Cash Equivalents:	
With Escrow Agents	501,872
Accrued Interest Receivable	3,209
Accounts Receivable	119,547
Intergovernmental Receivable	54,219
Property Taxes Receivable	6,855,220
Inventory Held for Resale	8,555
Materials and Supplies Inventory	21,737
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	571,600
Nondepreciable Capital Assets	1,362,468
Depreciable Capital Assets, Net	14,021,884
<i>Total Assets</i>	<u>54,962,570</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	1,468,637
Pension:	
STRS	781,419
SERS	186,604
<i>Total Deferred Outflows of Resources</i>	<u>2,436,660</u>
<b>Liabilities</b>	
Accounts Payable	31,394
Accrued Wages and Benefits Payable	763,212
Contracts Payable	325,050
Intergovernmental Payable	117,268
Matured Compensated Absences Payable	65,744
Accrued Interest Payable	56,197
Long-Term Liabilities:	
Due Within One Year	572,879
Due In More Than One Year:	
Net Pension Liability (See Note 12)	13,469,497
Other Amounts Due in More than One Year	26,460,453
<i>Total Liabilities</i>	<u>41,861,694</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	6,396,712
Pension:	
STRS	2,112,681
SERS	332,694
<i>Total Deferred Inflows of Resources</i>	<u>8,842,087</u>
<b>Net Position</b>	
Net Investment in Capital Assets	2,315,906
Restricted for:	
Debt Service	23,903,859
Other Purposes	129,126
Unrestricted (Deficit)	(19,653,442)
<i>Total Net Position</i>	<u>\$6,695,449</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$1,461,673	\$92,747	\$0	(\$1,368,926)
Vocational	4,841,895	411,511	3,937	(4,426,447)
Adult/Continuing	1,020,185	559,344	347,030	(113,811)
Support Services:				
Pupils	927,138	0	244,930	(682,208)
Instructional Staff	866,560	68,960	46,569	(751,031)
Board of Education	57,832	0	0	(57,832)
Administration	986,280	117,887	51,023	(817,370)
Fiscal	455,306	0	0	(455,306)
Business	453	0	0	(453)
Operation and Maintenance of Plant	1,768,799	13,870	3,843	(1,751,086)
Pupil Transportation	31,760	0	0	(31,760)
Central	119,544	0	85,930	(33,614)
Operation of Food Services	297,663	104,600	185,134	(7,929)
Extracurricular Activities	58,343	0	0	(58,343)
Interest and Fiscal Charges	901,591	0	0	(901,591)
Bond Issuance Costs	333,886	0	0	(333,886)
<i>Total Governmental Activities</i>	<u>\$14,128,908</u>	<u>\$1,368,919</u>	<u>\$968,396</u>	<u>(11,791,593)</u>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				6,403,920
Grants and Entitlements not				
Restricted to Specific Programs				4,076,757
Investment Earnings				321,757
Miscellaneous				439,849
<i>Total General Revenues</i>				<u>11,242,283</u>
Change in Net Position				(549,310)
<i>Net Position Beginning of Year</i>				
<i>Restated - See Note 3</i>				7,244,759
<i>Net Position End of Year</i>				<u>\$6,695,449</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2015*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$435,712	\$0	\$143,864	\$579,576
Investments	21,777,123	8,515,036	570,524	30,862,683
Cash and Cash Equivalents:				
With Escrow Agents	0	501,872	0	501,872
Accrued Interest Receivable	3,209	0	0	3,209
Accounts Receivable	41,957	0	77,590	119,547
Interfund Receivable	26,145	0	0	26,145
Intergovernmental Receivable	0	0	54,219	54,219
Property Taxes Receivable	6,855,220	0	0	6,855,220
Inventory Held for Resale	0	0	8,555	8,555
Materials and Supplies Inventory	15,757	0	5,980	21,737
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	571,600	0	0	571,600
<i>Total Assets</i>	<u>\$29,726,723</u>	<u>\$9,016,908</u>	<u>\$860,732</u>	<u>\$39,604,363</u>
<b>Liabilities</b>				
Accounts Payable	\$14,127	\$0	\$17,267	\$31,394
Accrued Wages and Benefits Payable	710,900	0	52,312	763,212
Contracts Payable	0	325,050	0	325,050
Intergovernmental Payable	104,706	0	12,562	117,268
Matured Compensated Absences Payable	65,744	0	0	65,744
Interfund Payable	0	0	26,145	26,145
<i>Total Liabilities</i>	<u>895,477</u>	<u>325,050</u>	<u>108,286</u>	<u>1,328,813</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	6,396,712	0	0	6,396,712
Unavailable Revenue - Property Taxes	458,167	0	0	458,167
Unavailable Revenue - Intergovernmental	0	0	31,906	31,906
Unavailable Revenue - Tuition & Fees	19,023	0	30,063	49,086
<i>Total Deferred Inflows of Resources</i>	<u>6,873,902</u>	<u>0</u>	<u>61,969</u>	<u>6,935,871</u>
<b>Fund Balances</b>				
Nonspendable	15,757	0	5,980	21,737
Restricted	0	8,691,858	150,033	8,841,891
Committed	571,600	0	570,524	1,142,124
Assigned	14,788,803	0	0	14,788,803
Unassigned (Deficit)	6,581,184	0	(36,060)	6,545,124
<i>Total Fund Balances</i>	<u>21,957,344</u>	<u>8,691,858</u>	<u>690,477</u>	<u>31,339,679</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$29,726,723</u>	<u>\$9,016,908</u>	<u>\$860,732</u>	<u>\$39,604,363</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2015*

<b>Total Governmental Fund Balances</b>		\$31,339,679
<b>Amounts reported for governmental activities in the statement of net position are different because</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,384,352
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	458,167	
Tuition & Fees	49,086	
Intergovernmental	31,906	
Total		539,159
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
STRS	(11,419,663)	
SERS	(2,049,834)	
Total		(13,469,497)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions:		
STRS	781,419	
SERS	186,604	
Total		968,023
Deferred inflows of resources related to pensions:		
STRS	(2,112,681)	
SERS	(332,694)	
Total		(2,445,375)
In the statement of activities, interest is accrued on outstanding certificates of participation, whereas in governmental funds, an interest expenditure is reported when due.		(56,197)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(1,730,000)	
Capital Appreciation Bonds	(19,999)	
Accretion on Bonds	(2,061)	
Unamortized Premium on Bonds	(91,243)	
Certificates of Participation Payable	(24,045,000)	
Discount on Certificates of Participation Payable	141,141	
Deferred Outflow of Resources from Refunding	1,468,637	
Capital Leases	(128,990)	
Compensated Absences	(1,157,180)	
Total		(25,564,695)
<b>Net Position of Governmental Activities</b>		<b>\$6,695,449</b>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2015*

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$6,441,851	\$0	\$0	\$6,441,851
Tuition and Fees	451,752	0	716,218	1,167,970
Interest	319,207	2,525	25	321,757
Charges for Services	46,361	0	103,400	149,761
Rentals	1,200	0	13,780	14,980
Contributions and Donations	3,937	0	243	4,180
Intergovernmental	4,076,757	0	932,310	5,009,067
Miscellaneous	278,088	0	161,761	439,849
<i>Total Revenues</i>	<u>11,619,153</u>	<u>2,525</u>	<u>1,927,737</u>	<u>13,549,415</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,466,637	0	0	1,466,637
Vocational	4,268,568	0	2,000	4,270,568
Adult/Continuing	0	0	1,038,179	1,038,179
Support Services:				
Pupils	713,458	0	239,311	952,769
Instructional Staff	743,374	0	135,211	878,585
Board of Education	57,664	0	0	57,664
Administration	796,120	0	229,932	1,026,052
Fiscal	440,316	0	0	440,316
Business	435	0	0	435
Operation and Maintenance of Plant	1,285,468	325,050	21,720	1,632,238
Pupil Transportation	32,132	0	0	32,132
Central	35,481	0	84,063	119,544
Operation of Non-Instructional Services	953	0	0	953
Operation of Food Services	0	0	290,095	290,095
Extracurricular Activities	59,534	0	0	59,534
Capital Outlay	143,232	1,237,488	0	1,380,720
Debt Service:				
Principal Retirement	447,364	0	0	447,364
Interest and Fiscal Charges	621,999	176,796	25,015	823,810
Bond Issuance Costs	0	243,461	90,425	333,886
<i>Total Expenditures</i>	<u>11,112,735</u>	<u>1,982,795</u>	<u>2,155,951</u>	<u>15,251,481</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>506,418</u>	<u>(1,980,270)</u>	<u>(228,214)</u>	<u>(1,702,066)</u>
<b>Other Financing Sources (Uses)</b>				
Premium on Bonds Issued	0	0	92,789	92,789
Proceeds of Bonds	0	1,749,999	0	1,749,999
Inception of Capital Lease	166,354	0	0	166,354
Certificates of Participation Issued	571,600	9,023,400	0	9,595,000
Discount on Certificates of Participation Issued	0	(101,271)	0	(101,271)
Transfers In	0	0	646,239	646,239
Transfers Out	(646,239)	0	0	(646,239)
<i>Total Other Financing Sources (Uses)</i>	<u>91,715</u>	<u>10,672,128</u>	<u>739,028</u>	<u>11,502,871</u>
<i>Net Change in Fund Balances</i>	598,133	8,691,858	510,814	9,800,805
<i>Fund Balance Beginning of Year</i>	21,359,211	0	179,663	21,538,874
<i>Fund Balance End of Year</i>	<u>\$21,957,344</u>	<u>\$8,691,858</u>	<u>\$690,477</u>	<u>\$31,339,679</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$9,800,805</b>
 <b>Amounts reported for governmental activities in the statement of activities are different because</b>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	
Capital Outlay	1,274,963
Current Year Depreciation	<u>(675,266)</u>
Total	599,697
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	(37,931)
Tuition & Fees	36,208
Intergovernmental	31,906
Total	30,183
Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.	
General Obligation Bonds Issued	(1,749,999)
Premium on Bonds Issued	(92,789)
Certificates of Participation Issued	(9,595,000)
Discount on Certificates of Participation Issued	101,271
Inception of Capital Lease	<u>(166,354)</u>
Total	(11,502,871)
Repayment of long-term bond, certificate of participation and lease principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.	
	447,364
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.	
Accrued Interest	(4,423)
Accreted Interest on Capital Appreciation Bonds	(2,061)
Amortization of Bond Premium	1,546
Amortization of Discount	(4,001)
Amortization of Deferred Outflow from Refunding	<u>(68,842)</u>
Total	(77,781)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
Direct pension contributions	
STRS	671,480
SERS	<u>169,158</u>
Total	840,638
Cost of benefits earned net of employee contributions	
STRS	(527,578)
SERS	<u>(120,548)</u>
Total	(648,126)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(39,219)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>(\$549,310)</u></b>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2015*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$6,323,110	\$6,446,060	\$6,446,067	\$7
Tuition and Fees	432,060	414,363	414,363	0
Interest	253,847	243,449	243,449	0
Charges for Services	50,000	46,361	46,361	0
Rentals	1,251	1,200	1,200	0
Contributions and Donations	4,105	3,937	3,937	0
Intergovernmental	4,250,874	4,076,757	4,076,757	0
Miscellaneous	233,682	244,471	264,762	20,291
<i>Total Revenues</i>	<u>11,548,929</u>	<u>11,476,598</u>	<u>11,496,896</u>	<u>20,298</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,573,585	1,535,129	1,459,074	76,055
Vocational	4,316,098	4,309,962	4,269,796	40,166
Support Services:				
Pupils	709,767	744,012	738,929	5,083
Instructional Staff	541,428	774,078	762,388	11,690
Board of Education	59,211	82,099	65,590	16,509
Administration	825,843	811,133	803,264	7,869
Fiscal	427,017	444,742	440,180	4,562
Business	306	390	390	0
Operation and Maintenance of Plant	1,217,428	1,382,561	1,355,496	27,065
Pupil Transportation	31,217	44,188	39,429	4,759
Central	77,001	61,145	52,935	8,210
Operation of Non-Instructional Services	215	953	953	0
Extracurricular Activities	26,589	66,580	65,925	655
Capital Outlay	335,000	235,355	235,355	0
Debt Service:				
Principal Retirement	445,000	447,364	447,364	0
Interest and Fiscal Charges	621,162	621,999	621,999	0
<i>Total Expenditures</i>	<u>11,206,867</u>	<u>11,561,690</u>	<u>11,359,067</u>	<u>202,623</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>342,062</u>	<u>(85,092)</u>	<u>137,829</u>	<u>222,921</u>
<b>Other Financing Sources (Uses)</b>				
Inception of Capital Lease	0	166,354	166,354	0
Certificates of Participation Issued	0	571,600	571,600	0
Advances In	0	0	1,688	1,688
Advances Out	0	0	(26,145)	(26,145)
Transfers Out	(300,000)	(697,651)	(646,239)	51,412
<i>Total Other Financing Sources (Uses)</i>	<u>(300,000)</u>	<u>40,303</u>	<u>67,258</u>	<u>26,955</u>
<i>Net Change in Fund Balance</i>	42,062	(44,789)	205,087	249,876
<i>Fund Balance Beginning of Year</i>	21,935,064	21,935,064	21,935,064	0
<i>Prior Year Encumbrances Appropriated</i>	295,889	295,889	295,889	0
<i>Fund Balance End of Year</i>	<u>\$22,273,015</u>	<u>\$22,186,164</u>	<u>\$22,436,040</u>	<u>\$249,876</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Statement of Net Position*

*Fiduciary Funds*

*June 30, 2015*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$31,969</u>
<b>Liabilities</b>	
Due to Students	<u>\$31,969</u>

See accompanying notes to the basic financial statements

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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## **Note 1 - Description of the School District and Reporting Entity**

The Mahoning County Career & Technical Center (School District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The School District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The School District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts, Struthers and Campbell. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the School District; therefore, the School District is a related organization of the Mahoning County Educational Service Center.

### **A. Reporting Entity**

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

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

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

City of Canfield - The city government is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Member School Districts - The School District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered a part of the School District.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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Canfield Branch of the Mahoning County Public Library - The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does not serve as the taxing authority for the Library.

The School District participates in certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 15 to the basic financial statements and the public entity risk pools are presented in Note 18. These organizations are:

- \*Area Cooperative Computerized Educational Service System/ACCESS Assembly
- \*Mahoning Area Consortium Tech Prep
- \*Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program
- \*Ohio School Plan
- \*Mahoning County Insurance Consortium
- \*Ohio Schools Council

## **Note 2 - Summary of Significant Accounting Policies**

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

### **A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements which provide a more detailed level of financial information.

#### Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the financial condition of the governmental activities of the School 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 School 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 School 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 School District.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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Fund Financial Statements:

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

Governmental Funds:

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

General Fund - The general fund is the operating fund of the School District and 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 School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Fund - This capital projects fund was established pursuant to Section 5705.09, Ohio Revised Code, and is used to account for the receipts and expenditures related to the certificate of participation and bond issue of the District. Expenditures recorded in this fund represent the costs of acquiring capital facilities, including real property.

The other governmental funds of the District account for grants and other resources, and capital projects of the District, whose uses are restricted, committed or assigned to a particular purpose.

Fiduciary Fund Type:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds are agency funds that account for student activities, unclaimed funds and district agency payments.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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## C. Measurement Focus

### Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

### 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, deferred outflows of resources, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the 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 and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows, deferred outflows, 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 values, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include a deferred charge on refunding and pension reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide of statement of net position (see Note 12).

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary Data

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

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

F. Cash and Cash Equivalents and Investments

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

During fiscal year 2015, investments were limited to United States Treasury bills and notes, mutual funds and securities issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Farm Credit Bureau, the Private Export Funding Corporation and the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$319,207, \$49,189 of which was assigned from other School District funds. The interest revenue amount reported included a non-cash cost basis to market value adjustment made on the District's investments as of the balance sheet date. Interest credited to the general fund on a cash (budget) basis amounted to \$243,449.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District, and investments maturing within three months of fiscal year end are presented on the financial statements as cash equivalents. Investments with an original maturity of more than one year or maturing more than three months after fiscal year end are presented on the financial statements as investments.

G. Inventory

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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H. Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 years
Buildings and Improvements	45 years
Furniture, Fixtures and Equipment	3 - 20 years

I. Discount on Certificates of Participation

On the government-wide financial statements, certificate discounts are deferred and amortized over the term of the certificates using the straight line method. Discounts are presented as a decrease of the face amount of the certificates of participation payable. On fund financial statements, discounts are expended in the year issued.

J. Deferred Amount (Loss) on Refunding

The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss amortized over the remaining life of the old or new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School 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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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## L. Accrued Liabilities and Long-term Obligations

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

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

## M. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services and food service operation. Net position restricted for debt service includes money to be used for the repayment of the outstanding certificates of participation.

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

## N. Fund Balance

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

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

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

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

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

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

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

O. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

P. Interfund Balances

On the fund financial statements, receivables and payables resulting short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net position.

Q. Pensions

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

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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R. Bond Premium

On the government wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

S. Estimates

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

### **Note 3 – Change in Accounting Principle & Restatement of Prior Year Net Position**

#### ***A. Change in Accounting Principles***

For fiscal year 2015, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”, Statement No. 69, “Government Combinations and Disposals of Government Operations”, and Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.”

GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The implementation of GASB 68 resulted in an overall restatement of beginning net position, as previously reported.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires the use of carrying values to measure the assets and liabilities in a government merger. It also requires measurements of assets acquired and liabilities assumed to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. Disclosures about government combinations and disposals of government operations are required to enable financial statement users to evaluate the nature and financial effects of those transactions. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The implementation of GASB 71 resulted in an overall restatement of beginning net position, as previously reported.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**B. Restatement of Prior Year Net Position**

	<b>Governmental Activities</b>
Net Position at June 30, 2014, as Previously Reported	\$33,183,613
Revaluation of Capital Assets	(10,799,496)
<i>Implementation of GASB 68 and GASB 71:</i>	
Net Pension Liability - STRS	(13,603,028)
Net Pension Liability - SERS	(2,408,583)
<i>Deferred Outflows - District's Contributions Made</i>	
<i>During Fiscal Year 2014</i>	
STRS	708,201
SERS	164,049
Adjusted Net Position at June 30, 2014	\$7,244,756

During fiscal year 2015, the District hired an outside company to perform an overall revaluation of its capital assets and it was determined that capital assets were overstated. A restatement to beginning net position was necessary to properly reflect capital assets and net position as previously reported.

**Note 4 – Fund Deficits**

Fund balances at June 30, 2015 included the following individual fund deficits:

	<b>Deficit</b>
<b>Nonmajor Governmental Funds:</b>	
Food Service Fund	\$15,264
Vocational Education - Carl Perkins Grant Fund	19,868

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

**Note 5 - Budgetary Basis of Accounting**

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

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. The change in fair value of investments is not included on the budget basis operating statement, however, it is included on the GAAP basis operating statement.
5. \*Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP basis).

\*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies and public school support special revenue funds.

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$598,133
Net Adjustment for Revenue Accruals	(49,773)
Advances In	1,688
Advances Out	(26,145)
Beginning Fair Value Adjustment	(133,550)
Ending Fair Value Adjustment	54,718
Net Adjustment for Expenditure Accruals	142,781
Net Adjustment for Funds Budgeted as Special Revenue	6,348
Adjustment for Encumbrances	<u>(389,113)</u>
Budget Basis	<u><u>\$205,087</u></u>

**Note 6 - Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined by GASB Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements.

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$1,182,500. As of June 30, 2015, all of the School District's bank balance of \$1,824,222 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in the 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.

**Investments** As of June 30, 2015, the School District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$1,131,708	Less than One Year
Money Market Mutual Funds	6,207,710	Less than One Year
Federal National Mortgage Association Bonds	248,917	Less than One Year
Federal National Mortgage Association Notes	2,136,633	Less than One Year
Federal Home Loan Bank Bonds	3,852,286	Less than One Year
Federal Home Loan Mortgage Corporation Notes	139,562	Less than One Year
Federal Farm Credit Bureau Bonds	123,922	Less than One Year
United States Treasury Bills	99,541	One to Three Years
United States Treasury Notes	175,243	One to Three Years
Federal National Mortgage Association Bonds	2,415,368	One to Three Years
Federal Home Loan Bank Bonds	1,706,900	One to Three Years
Federal Home Loan Mortgage Corporation Bonds	2,097,023	One to Three Years
Federal Agricultural Mortgage Corporation Bonds	361,776	One to Three Years
Private Export Funding Corporation	213,001	One to Three Years
United States Treasury Notes	347,982	Three to Five Years
Federal Home Loan Mortgage Corporation Bonds	644,696	Three to Five Years
Federal National Mortgage Association Bonds	1,298,691	Three to Five Years
Federal National Mortgage Association Notes	1,001,600	Three to Five Years
Federal Farm Credit Bureau Bonds	1,691,477	Three to Five Years
Federal Home Loan Bank Bonds	4,968,647	Three to Five Years
Total Portfolio	<u>\$30,862,683</u>	

**Interest Rate Risk.** The School District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk.** As of June 30, 2015, the School District's investments in Mutual Funds were not rated, STAROhio was rated AAAM, Federal Home Loan Bank Bonds, Federal National Mortgage Association Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Agricultural Mortgage Corporation Bonds, Federal Farm Credit Bureau Bonds and the Private Export Funding Corporation Bonds were rated AA+ by Standard and Poors and Aaa by Moody's.

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Concentration of Credit Risk.** The School District places no limit on the account it may invest in any one issuer. The following is the School District's allocation as of June 30, 2015:

Investment	Percent of Total
Federal National Mortgage Association	23.01%
Federal Home Loan Bank	34.11%
Federal Home Loan Mortgage Corporation	9.34%
STAR Ohio	3.67%
Federal Agricultural Mortgage Corporation	1.17%
Money Market Mutual Funds	20.11%
Private Export Funding Corporation	0.69%
Federal Farm Credit Bureau	5.88%
U. S. Treasury Bill	0.32%
U. S. Treasury Note	1.70%
Total	100.00%

**Note 7 – Property Taxes**

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar 2015 represent collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2015 represents collections of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Mahoning, Trumbull, Portage, and Columbiana Counties. The Mahoning County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

The amount available as an advance at June 30, 2015, was \$341 in the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$3,364,726,780	96.08 %	\$3,397,499,200	95.41 %
Public Utility Personal	137,429,620	3.92	163,374,550	4.59
<b>Total</b>	<u><u>\$3,502,156,400</u></u>	<u><u>100.00 %</u></u>	<u><u>\$3,560,873,750</u></u>	<u><u>100.00 %</u></u>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

**Note 8 - Receivables**

Receivables at June 30, 2015, consisted of accrued interest, accounts, interfund, intergovernmental grants and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. All receivables are expected to be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<b>Non-major Governmental Funds:</b>	
Carl Perkins Grant	\$52,338
Basic Pell Education Grant	<u>1,881</u>
<b>Total Intergovernmental Receivable</b>	<u><u>\$54,219</u></u>

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 9 – Fund Balances**

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

Fund Balances	General	Building	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>				
Inventory	\$15,757	\$0	\$5,980	\$21,737
<b><i>Restricted for</i></b>				
College Scholarships	0	0	54,091	54,091
Adult Education	0	0	91,445	91,445
Technology Improvements	0	0	4,497	4,497
Capital Improvements	0	8,691,858	0	8,691,858
<i>Total Restricted</i>	0	8,691,858	150,033	8,841,891
<b><i>Committed to</i></b>				
Permanent Improvements	0	0	570,524	570,524
Debt Payment Reserve	571,600	0	0	571,600
<i>Total Committed</i>	571,600	0	570,524	1,142,124
<b><i>Assigned to</i></b>				
Other Purposes	14,000	0	0	14,000
Encumbrances	368,674	0	0	368,674
Certificates of Participation	14,406,129	0	0	14,406,129
<i>Total Assigned</i>	14,788,803	0	0	14,788,803
<b><i>Unassigned (Deficit)</i></b>	6,581,184	0	(36,060)	6,545,124
<b><i>Total Fund Balances</i></b>	<b>\$21,957,344</b>	<b>\$8,691,858</b>	<b>\$690,477</b>	<b>\$31,339,679</b>

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 10 – Capital Assets**

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

	(Restated) Balance 6/30/14	Additions	Reductions	Balance 6/30/15
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$125,000	\$0	\$0	\$125,000
Construction in progress	0	1,237,468	0	1,237,468
<b>Total capital assets not being depreciated</b>	<b>125,000</b>	<b>1,237,468</b>	<b>0</b>	<b>1,362,468</b>
Capital assets being depreciated				
Land improvements	515,240	0	0	515,240
Buildings and improvements	19,359,774	0	0	19,359,774
Furniture, fixtures and equipment	3,174,781	37,495	0	3,212,276
<b>Total capital assets being depreciated</b>	<b>23,049,795</b>	<b>37,495</b>	<b>0</b>	<b>23,087,290</b>
Accumulated depreciation				
Land improvements	(150,318)	(30,320)	0	(180,638)
Buildings and improvements	(6,603,982)	(387,196)	0	(6,991,178)
Furniture, fixtures and equipment	(1,635,840)	(257,750)	0	(1,893,590)
<b>Total accumulated depreciation</b>	<b>(8,390,140)</b>	<b>(675,266) *</b>	<b>0</b>	<b>(9,065,406)</b>
<b>Capital assets being depreciated, net</b>	<b>14,659,655</b>	<b>(637,771)</b>	<b>0</b>	<b>14,021,884</b>
<b>Governmental activities capital assets, net</b>	<b>\$14,784,655</b>	<b>\$599,697</b>	<b>\$0</b>	<b>\$15,384,352</b>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$8,290
Vocational	612,051
Support Services:	
Administration	3,073
Operation and Maintenance of Plant	43,299
Operation of Food Services	8,553
<b>Total Depreciation Expense</b>	<b>\$675,266</b>

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 11 – Risk Management**

A. Property and Liability

The School 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. Settled claims have not exceeded insurance coverage in the last three years. During fiscal year 2015, the School District contracted for the following insurance coverage:

Type of Coverage	Coverage
<b>Coverage provided by Ohio School Plan:</b>	
Property/Boiler and Machinery (\$1,000 deductible)	\$61,173,864
Extra Expense (\$1,000 deductible)	1,000,000
Aircraft (\$1,000 deductible)	208,659
Crime (\$1,000 deductible)	50,000
Fleet Insurance, single limit (\$250 deductible - comprehensive)	2,000,000
(\$1,000 deductible - busses)	
(\$500 deductible - collision)	
<b>Coverage provided by The Ohio School Plan:</b>	
General Liability	
in aggregate	\$4,000,000
Per occurrence	2,000,000

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

B. Workers' Compensation

For 2015, the School District participated in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18).

C. Employee Medical Benefits

The School District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of various Mahoning County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The School District pays medical/surgical premiums of \$1,462 for family coverage and \$522 for single coverage per employee per month.

Dental insurance is also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$35 for single coverage and \$85 for family.

Vision coverage is provided through Vision Service Plan. Monthly premiums for vision coverage are \$27.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Note 12 – Defined Benefit Pension Plans**

A. Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had an effect on beginning net position as reported at June 30, 2014 (see Note 3). The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**B. School Employees Retirement System**

**Plan Description** - District non-teaching employees participate in the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by SERS. 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, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or Before August 1, 2017*	Eligible to Retire on or After August 1, 2017*
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ending June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund. The District's contractually required contribution to SERS was \$169,158 for the fiscal year ended June 30, 2015. Of this amount \$12,445 was reported as an intergovernmental payable.

**C. State Teachers Retirement System**

**Plan Description** - District licensed teachers and other faculty members participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone

## **Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five year of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$671,480 for the fiscal year ended June 30, 2015. Of this amount \$70,826 was reported as an intergovernmental payable.

D. Pension Liabilities, Pension Expense and Deferred Outflows of resources and Deferred inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Districts proportion of the net pension liability was based on the Districts share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$2,049,834	\$11,419,563	\$13,469,397
Proportion of the Net Pension Liability	0.04050300%	0.04694917%	
Pension Expense	\$120,547	\$527,578	\$648,125

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$17,446	\$109,939	\$127,385
District contributions subsequent to the measurement date	169,158	671,480	840,638
<b>Total Deferred Outflows of Resources</b>	<b>\$186,604</b>	<b>\$781,419</b>	<b>\$968,023</b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$332,694	\$2,112,681	\$2,445,375

\$840,638 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2016	(\$78,812)	(\$500,686)	(\$579,498)
2017	(78,812)	(500,685)	(579,497)
2018	(78,812)	(500,686)	(579,498)
2019	(78,812)	(500,685)	(579,497)
Total	(\$315,248)	(\$2,002,742)	(\$2,317,990)

**Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 Percent
Future Salary Increases, Including Inflation	4.00 Percent to 22 Percent
COLA or Ad hoc COLA	3 Percent
Investment Rate of Return	7.75 Percent Net Investments Expense, Including Inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's Proportionate Share of the Net Pension Liability	\$2,924,504	\$2,049,834	\$1,314,161

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Projected Salary Increases	2.75 Percent at Age 70 to 12.25 Percent at Age 20
Investment Rate of Return	7.75 Percent, Net of Investment Expenses
Cost of Living Adjustments (COLA)	2% Simple Applied as Follows: For Members Retiring Before August 1, 2013, 2% per Year, For Members Retiring August 1, 2013, or later, 2% COLA paid on Fifth Anniversary of Retirement Date.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Fixed Income	18.00	8.00
Alternatives	14.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

<u></u>	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's Proportionate Share of the Net Pension Liability	\$16,348,493	\$11,419,663	\$7,251,532

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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E. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose social security or the SERS or STRS Ohio. As of June 30, 2015, one Board of Education member has elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 13 – Post-employment Benefits**

A. School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$13,114.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$11,071, \$10,162 and \$10,061, respectively. For fiscal year 2015, 94 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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## B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$49,548, and \$47,991 respectively. The full amount has been contributed for fiscal years 2014 and 2013.

## **Note 14 – Other Employee Benefits**

### A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred sixty five days for classified employees and two hundred seventy five days for certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of sixty five days for classified employees and sixty eight days for certified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

### B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per classified employee and \$50,000 per certified and administrative employee. Life insurance is provided through the Metropolitan Educational Insurance Company.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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## Note 15 – Jointly Governed Organizations

### A. Area Cooperative Computerized Educational Service System/ACCESS Assembly

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of participating school districts in Mahoning and Columbiana Counties, educational service centers, non-public schools and Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.

ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The School District paid \$22,600 to ACCESS during fiscal year 2015. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

### B. Mahoning Area Consortium (MAC) Tech Prep

The MAC Tech Prep works with participating area high schools and Youngstown State University to create seamless college prep career-technical education programs that begin in the junior year of high school and continue through an associate or bachelor's degree program. College Tech Prep programs stress mathematics, science, communications, and technology.

All of the consortium revenues are from state and federal grants. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President or designee of Youngstown State University and representatives of business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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C. Ohio Schools Council

The Ohio Schools Council (“the Council”) is a jointly governed organization among participating school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. The Council’s Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information for the Council can be obtained by contacting the Executive Secretary of the Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

In fiscal year 2015, the District participated in the Council’s electric energy program. This program allows school districts to purchase electricity at reduced rates. The participants make monthly payments based on estimated usage. At the end of the fiscal year, these estimated monthly payments are compared to their actual usage and any necessary adjustments are made.

The School District does not retain an ongoing financial interest or an ongoing financial responsibility in any of these organizations.

**Note 16 - Contingencies**

A. Grants:

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

B. Litigation:

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2015.

C. School District Foundation:

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 17 – Long-Term Obligations**

The changes in the School District's long-term obligations during the fiscal year ended June 30, 2015, were as follows:

	Principal Outstanding 6/30/14	Additions	Deductions	Principal Outstanding 6/30/15	Amounts due in One Year
<b>General Obligation Bonds:</b>					
2015 Current Interest Term & Serial	\$0	\$1,730,000	\$0	\$1,730,000	\$45,000
Unamortized Issuance Premium	0	92,789	(1,546)	91,243	0
Capital Appreciation Bonds	0	19,999	0	19,999	0
Accretion on Capital Appreciation Bonds	0	2,061	0	2,061	0
<i>Total General Obligation Bonds</i>	<u>0</u>	<u>1,844,849</u>	<u>(1,546)</u>	<u>1,843,303</u>	<u>45,000</u>
<b>Certificates of Participation:</b>					
10/15/09 Advance Refunding					
Certificates of Participation	14,860,000	0	(410,000)	14,450,000	415,000
Discount on Certificates of Participation	(43,871)	0	1,964	(41,907)	0
<i>Subtotal</i>	<u>14,816,129</u>	<u>0</u>	<u>(408,036)</u>	<u>14,408,093</u>	<u>415,000</u>
11/20/14 Certificates of Participation	0	9,595,000	0	9,595,000	0
Discount on Certificates of Participation	0	(101,271)	2,037	(99,234)	0
<i>Subtotal</i>	<u>0</u>	<u>9,493,729</u>	<u>2,037</u>	<u>9,495,766</u>	<u>0</u>
<i>Total Certificates of Participation</i>	<u>14,816,129</u>	<u>9,493,729</u>	<u>(405,999)</u>	<u>23,903,859</u>	<u>415,000</u>
<b>Other Long-Term Obligations:</b>					
Capital Lease - Cisco	0	166,354	(37,364)	128,990	32,535
Compensated Absences	1,117,961	108,056	(68,837)	1,157,180	80,344
<i>Total Other Long-Term Liabilities</i>	<u>1,117,961</u>	<u>274,410</u>	<u>(106,201)</u>	<u>1,286,170</u>	<u>112,879</u>
<i>Total Before Net Pension Liability</i>	<u>15,934,090</u>	<u>11,612,988</u>	<u>(513,746)</u>	<u>27,033,332</u>	<u>572,879</u>
<b>Net Pension Liability:</b>					
STRS	13,603,028	0	(2,183,365)	11,419,663	0
SERS	2,408,583	0	(358,749)	2,049,834	0
<i>Total Net Pension Liability</i>	<u>16,011,611</u>	<u>0</u>	<u>(2,542,114)</u>	<u>13,469,497</u>	<u>0</u>
<i>Total Long-Term Obligations</i>	<u>\$31,945,701</u>	<u>\$11,612,988</u>	<u>(\$3,055,860)</u>	<u>\$40,502,829</u>	<u>\$572,879</u>

On January 8, 2015, the District issued general obligation bonds in the amount of \$1,749,999 for the purpose of paying the costs of constructing, reconstructing and otherwise improving the roof of the existing career center building. The bonds were issued at a premium of \$92,789, mature on December 1, 2035 and have an interest rate ranging for 2.0% to 4.0%.

On October 15, 2009, the District issued Certificates of Participation of \$16,360,000 (par value) with interest rates ranging from 2.00% to 4.75% to advance refund all \$10,000,000 of the 11/13/08 Certificates of Participation with rates ranging from 3.375% to 6.25% and \$4,850,000 of the 1/13/09 Certificates of Participation with rates ranging from 3.75% to 6.75%. The term certificates mature 12/1/2036 and are callable 12/1/2017. The refunding certificates were issued at a discount of \$53,037 and, after paying issuance costs of \$348,221, the net proceeds were \$15,958,742. The net proceeds from the issuance of the certificates of participation were used to purchase U.S. government

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the certificates are called on 12/1/2011. The advance refunding met the requirements of an in-substance debt defeasance and the Certificates of Participation were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$3,357,956, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,914,257.

On November 11, 2014, the District entered a lease agreement, the facilities lease and the ground lease, with the Ohio School Building Leasing Corporation, as lessor, for the purpose of constructing, furnishing, improving, equipping, lease and eventual acquisition, of additions, renovations and other improvements to a new Administration Building. The Ohio School Building Leasing Corporation in turn entered into an agreement with The Huntington National Bank, as Trustee, through which it assigned and transferred its rights, title, and interest under the leases to The Huntington National Bank. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. The Certificates of Participation have a par value of \$9,595,000, interest rates ranging from 3.375% to 6.25%, were issued at a discount of \$101,271 and will be repaid over 28 years with principal payment beginning in fiscal year 2017. Huntington bank is holding \$501,872 in escrow for the District to be applied to future debt payments.

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District.

The capital lease is being repaid from the general fund.

Compensated absences will be paid from the general fund and the food service, adult education and vocational education special revenue funds. The District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$318,728,639 with an unvoted debt margin of \$3,560,874 at June 30, 2015. Principal and interest requirements to retire the General Obligation Bonds, Certificates of Participation and Lease outstanding at June 30, 2015, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds					
	Current Interest Term & Serial Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2016	\$45,000	\$62,875	\$107,875	\$0	\$0	\$0
2017	40,000	62,025	102,025	0	0	0
2018	40,000	61,225	101,225	0	0	0
2019	40,000	60,425	100,425	0	0	0
2020	45,000	59,349	104,349	0	0	0
2021 - 2025	135,000	288,060	423,060	19,999	70,001	90,000
2026 - 2030	250,000	254,241	504,241	0	0	0
2031 - 2035	305,000	199,250	504,250	0	0	0
2036 - 2040	375,000	131,450	506,450	0	0	0
2041 - 2045	455,000	48,675	503,675	0	0	0
<b>Total</b>	<b>\$1,730,000</b>	<b>\$1,227,575</b>	<b>\$2,957,575</b>	<b>\$19,999</b>	<b>\$70,001</b>	<b>\$90,000</b>

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

Fiscal year Ending June 30,	10/15/09 Refunding		11/20/2014		Capital Lease - Cisco	
	Certificate of Participation Principal	Certificate of Participation Interest	Certificate of Participation Principal	Certificate of Participation Interest	Principal	Interest
2016	\$415,000	\$604,813	\$0	\$334,227	\$32,535	\$736
2017	435,000	592,062	0	334,227	31,126	2,145
2018	440,000	578,388	235,000	331,878	32,141	1,130
2019	455,000	563,275	240,000	327,128	33,188	83
2020	545,000	545,775	245,000	322,277	0	0
2021-2025	2,930,000	2,391,787	1,325,000	1,505,430	0	0
2026-2030	3,255,000	1,770,926	1,525,000	1,306,407	0	0
2031-2035	4,055,000	954,868	1,795,000	1,022,256	0	0
2036-2040	1,920,000	93,100	2,170,000	641,000	0	0
2041-2044	0	0	2,060,000	172,300	0	0
<i>Total</i>	<u>\$14,450,000</u>	<u>\$8,094,994</u>	<u>\$9,595,000</u>	<u>\$6,297,130</u>	<u>\$128,990</u>	<u>\$4,094</u>

**Note 18 – Public Entity Risk Pools**

A. Insurance Purchasing Pool

The School District participates in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. Sheakley UniService, Inc. is the third party administrator for the program.

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a ten member Board of directors consisting of school district superintendents and treasurers. Hylant Administrative Services, Inc. is the Administrator of the OSP and is responsible for processing claims.

C. Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of participating Mahoning County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

**Note 19 – Interfund Activity**

Interfund Transfers

Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

	Transfers In	Transfers Out
Major Governmental Fund:		
General	\$0	\$646,239
Non-major Governmental Funds:		
Food Service	3,588	0
Adult Education	50,000	0
Bond Retirement	22,651	0
Permanent Improvement Fund	570,000	0
	\$646,239	\$646,239

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund Advances

The interfund receivable/payable consisted of the following at June 30, 2015, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$26,145	\$0
Non-major Governmental Fund:		
Vocational Education - Carl Perkins Grant	0	26,145
Total	\$26,145	\$26,145

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenue is received.

**Note 20 – Set Asides**

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2014	\$0
Current Year Set-Aside Requirement	122,456
Qualifying Disbursements	(272,754)
Total	(\$150,298)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Cash balance as of June 30, 2015	\$0

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

**Note 21 – Capitalized Lease – Lessee Disclosure**

In fiscal year 2015, the District entered into capital lease obligation for the purchase of various computer equipment and software. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of furniture, fixtures and equipment have been capitalized in the amount of \$166,354. This amount represents the present value of the future minimum lease payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments on the lease in the 2015 fiscal year totaled \$37,364 and \$9,115, respectively. These amounts are reported as debt service payments of the general fund.

The following is a schedule of the future minimum lease payments required under the capital lease obligations and the present value of the future minimum lease payments as of June 30, 2015:

Fiscal Year Ending June 30,	
2016	\$33,271
2017	33,271
2018	33,271
2019	33,271
Total Minimum Lease Payments	133,084
Less: Amount Representing Interest	(4,094)
Present Value of Minimum Lease	\$128,990

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**Note 22 – Contractual Commitments**

As of June 30, 2015, the District had contractual commitments for the following projects:

	<u>Contractual Commitments</u>	<u>Expended</u>	<u>Balance 6/30/2015</u>
<i>Roof Replacement Project:</i>			
Design-Build Solutions	\$1,058,196	\$1,011,660	\$46,536
<i>New Building:</i>			
Hammond Construction	<u>7,774,172</u>	<u>225,828</u>	<u>7,548,344</u>
Totals	<u>\$8,832,368</u>	<u>\$1,237,488</u>	<u>\$7,594,880</u>

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net Pension Liability*

*School Employees Retirement System of Ohio (SERS)*

*Last Two Fiscal Years (1)*

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	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.04050300%	0.04050300%
School District's Proportion Share of the Net Pension Liability	\$2,049,834	\$2,408,583
School District's Covered-Employee Payroll	\$1,228,521	\$1,178,446
School District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	166.85%	204.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net Pension Liability*

*State Teachers Retirement System of Ohio (STRS)*

*Last Two Fiscal Years (1)*

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	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.046949170%	0.046949170%
School District's Proportion Share of the Net Pension Liability	\$11,419,663	\$13,603,028
School District's Covered-Employee Payroll	\$4,954,837	\$4,799,072
School District's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	230.48%	283.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Required Supplementary Information*

*Schedule of School District Contributions*

*School Employees Retirement System of Ohio (SERS)*

*Last Three Fiscal Years (1)*

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	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$169,158	\$170,273	\$163,097
Contributions in Relation to the Contractually Required Contribution	(\$169,158)	(\$170,273)	(\$163,097)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,287,350	\$1,228,521	\$1,178,446
Contributions as a Percentage of Covered-Employee Payroll	13.14%	13.86%	13.84%

(1) Information prior to 2013 available upon request.

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District Contributions  
State Teachers Retirement System of Ohio (STRS)  
Last Three Fiscal Years (1)*

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	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$671,480	\$644,129	\$623,879
Contributions in Relation to the Contractually Required Contribution	(\$671,480)	(\$644,129)	(\$623,879)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$4,796,286	\$4,954,837	\$4,799,072
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%

(1) Information prior to 2013 available upon request.

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**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY**

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

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>					
<i>Passed Through Ohio Department of Education:</i>					
<i>Nutrition Cluster:</i>					
<i>Non-Cash Assistance (Food Distribution):</i>					
National School Lunch Program	10.555		\$14,992		\$14,992
<i>Cash Assistance:</i>					
School Breakfast Program	10.553	\$49,572		\$49,572	
National School Lunch Program	10.555	121,884		121,884	
Total U.S. Department of Agriculture		<u>171,456</u>	<u>14,992</u>	<u>171,456</u>	<u>14,992</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>					
<i>Direct Programs:</i>					
<i>Student Financial Aid Cluster:</i>					
Federal Pell Grant Program	84.063	189,914		189,914	
Federal Direct Student Loans	84.268	174,638		176,569	
<i>Subtotal - Student Financial Aid Cluster</i>		364,552		366,483	
<i>Passed Through Ohio Department of Education:</i>					
Career and Technical Education - Basic Grants to States	84.048	325,727		362,284	
Improving Teacher Quality State Grants (Title II-A)	84.367	3,172		1,484	
Total U.S. Department of Education		<u>693,451</u>		<u>730,251</u>	
<b>Totals</b>		<u><u>\$864,907</u></u>	<u><u>\$14,992</u></u>	<u><u>\$901,707</u></u>	<u><u>\$14,992</u></u>

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

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Mahoning County Career and Technical Center  
Mahoning County  
7300 North Palmyra Road  
Canfield, Ohio 44406

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mahoning County Career and Technical Center, Mahoning County, (the "Center") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 18, 2015. We also noted the Center adopted new accounting guidance in Governmental Accounting Standards Board Statement 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The Center also reevaluated capital assets which resulted in a restatement of beginning net position. We did not modify our opinion regarding these matters.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the 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 Center's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

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

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

**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 18, 2015



# Dave Yost • Auditor of State

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

Mahoning County Career and Technical Center  
Mahoning County  
7300 North Palmyra Road  
Canfield, Ohio 44406

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on the Center's compliance for the Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 Center's major program. However, our audit does not provide a legal determination of the Entity's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Mahoning County 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 year ended June 30, 2015.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509  
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Report on Internal Control Over Compliance***

The 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 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 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 over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

December 18, 2015

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**MAHONING COUNTY CAREER AND TECHNICAL CENTER**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 12, 2016**