



Dave Yost • Auditor of State



**SCIOTO COUNTY CAREER TECHNICAL CENTER  
SCIOTO COUNTY**

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SCIOTO COUNTY CAREER TECHNICAL CENTER  
SCIOTO COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Scioto County Career Technical Center  
Scioto County  
951 Vern Riffe Drive  
Lucasville, Ohio 45648

To the Board of Education:

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

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

### **Emphasis of Matter**

As discussed in Notes 10 and 21 to the financial statements, during the year ended June 30, 2015, the Government adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **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 School District's basic financial statements taken as a whole.

The Schedule of Federal Awards 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 is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the 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 January 20, 2016 on our consideration of the School District'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 School District'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 "Y" and "O".

**Dave Yost**  
Auditor of State

Columbus, Ohio

January 20, 2016

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**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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The discussion and analysis of Scioto County Career Technical Center's (School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School 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 School District's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the fiscal year 2015 are as follows:

- Net position of governmental activities increased \$274,795.
- General revenues accounted for \$6,902,130 or 63% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants, and contributions, accounted for \$4,020,641 or 37% of total revenues of \$10,922,771.
- The School District had \$10,647,976 in expenses related to governmental activities; only \$4,020,641 of these expenses were offset by program specific charges for services and sales, operating grants, and contributions. General revenues of \$6,902,130 were adequate to offset the remaining \$6,627,335 cost for these programs.
- The School District has four major funds: the General Fund, the Adult Education Fund, Debt Service Fund, and the Permanent Improvement Fund. All governmental funds had total revenues and other financing sources of \$11,315,594 and expenditures and other financing uses of \$11,409,554.

**USING THIS ANNUAL FINANCIAL REPORT**

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 as the School District's most significant funds with all other non-major funds presented in total in one column.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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***Reporting the School District as a Whole***

*Statement of Net Position and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 11. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Debt Service Fund, Adult Education Fund, and the Permanent Improvement Fund.

**Governmental Funds**

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The School District's fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

**THE SCHOOL DISTRICT AS A WHOLE**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

Table 1  
Statement of Net Position

	Governmental Activities	
	2015	2014*
<b>Assets</b>		
Current and Other Assets	\$ 11,400,007	\$ 11,476,066
Capital Assets, Net	20,612,867	20,457,650
Total Assets	32,012,874	31,933,716
<b>Deferred Outflows of Resources</b>		
Pensions	847,937	666,631
<b>Liabilities</b>		
Current and Other Liabilities	619,751	617,647
Long-Term Liabilities:		
Due Within One Year	153,355	124,819
Due in More than One Year:		
Net Pension Liabilities	11,163,631	13,263,514
Other Amounts	3,606,761	3,680,322
Total Liabilities	15,543,498	17,686,302
<b>Deferred Inflows of Resources</b>		
Pensions	2,081,003	-
Property Taxes not Levied to Finance Current Year Operations	2,424,991	2,377,521
	4,505,994	2,377,521
<b>Net Position</b>		
Net Investment in Capital Assets	17,404,467	17,234,650
Restricted	5,659,466	5,693,465
Unrestricted	(10,252,614)	(10,391,591)
Total Net Position	\$ 12,811,319	\$ 12,536,524

\*As restated – see Note 21

During 2015, the School District adopted GASB Statement 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 School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 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.

Under the new standards required by GASB 68, the net pension liability equals the School 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 government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School 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 local government. 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 68, the School 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 not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68 and GASB 71, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$25,133,407 to \$12,536,524.

Total net position of the School District as a whole increased \$274,795. The increase to total assets of \$79,158 was due primarily to an increase in capital assets which was due to additions exceeding current year depreciation and deletions. Deferred outflows of resources increased due primarily to increases in pension payments in 2015 which are recognized as deferred outflows of resources. Current and other liabilities remained steady from 2015 to 2014. The decrease to other long-term liabilities is primarily due to a decrease in compensated absences payable which was partially offset by the debt principal payment. Deferred inflows of resources increased due to the implementation of GASB 68 which increased deferred inflows of resources related to pensions.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2015  
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2015 and 2014.

Table 2  
Change in Net Position

	Governmental Activities <u>2015</u>	Governmental Activities <u>2014</u>
<b>Revenues</b>		
Program Revenues		
Charges for Services and Sales	\$ 2,074,501	\$ 2,047,955
Operating Grants and Contributions	1,946,140	1,900,954
Total Program Revenues	<u>4,020,641</u>	<u>3,948,909</u>
General Revenues		
Property Taxes	2,521,366	2,489,859
Grants and Entitlements not Restricted to Specific Programs	4,144,399	3,719,443
Gifts and Donations not Restricted to Specific Programs	1,680	-
Investment Earnings	105,571	83,533
Miscellaneous	129,114	79,057
Total General Revenues	<u>6,902,130</u>	<u>6,371,892</u>
Total Revenues	<u>10,922,771</u>	<u>10,320,801</u>
<b>Program Expenses</b>		
Instruction:		
Special	909	9,440
Vocational	4,728,000	4,536,372
Adult/Continuing	1,401,229	1,463,974
Other	168,594	147,958
Support Services:		
Pupils	282,976	340,081
Instructional Staff	423,946	449,875
Board of Education	15,368	13,112
Administration	1,381,485	1,281,041
Fiscal	371,948	380,207
Operation and Maintenance of Plant	1,274,079	1,209,735
Pupil Transportation	13,933	16,183
Central	221,997	173,494
Operation of Non-Instructional Services	302,325	294,182
Extracurricular Activities	61,187	72,452
Total Expenses	<u>10,647,976</u>	<u>10,388,106</u>
Increase (Decrease) in Net Position	274,795	(67,305)
Net Position, Beginning of Year	12,536,524	N/A
Net Position, End of Year	<u>\$ 12,811,319</u>	<u>\$ 12,536,524</u>

The increase to operating grants and contributions resulted from additional funds received from the Ohio Department of Education for Adult Education. The increase in grants and entitlements not restricted to specific programs increased as a result of the 10.5% cap limit imposed by the Ohio Department of Education for regular funding. Vocational instruction increased as a direct result of program increases in the Vocational Education program. Pupils support services decreased due to the elimination of the special needs coordinator position during the prior fiscal year.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$662,923 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 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 68, the 2015 statements report pension expense of \$542,659. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$10,647,976
Pension expense under GASB 68	(542,659)
2015 contractually required contribution	739,048
Adjusted 2015 program expenses	10,844,365
Total 2014 program expenses under GASB 27	10,388,106
Increase in program expenses not related to pension	\$456,259

**Governmental Activities**

Charges for services and sales comprised 19 percent of revenue for governmental activities, while operating grants and contributions comprised 18 percent of revenue for governmental activities of the School District for fiscal year 2015. Grants and entitlements not restricted for specific programs comprised 38 percent of revenue for governmental activities, while property taxes comprised 23 percent of revenue for governmental activities.

As indicated by governmental program expenses, instruction is emphasized. Vocational instruction comprised 44 percent of governmental program expenses. Adult/Continuing instruction and administration support services also comprise significant portions of total expenses, representing 13 percent and 13 percent, respectively.

The Statement of Activities shows the cost of program services and the charges for services and sales, operating grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2015  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2015	2015	2014	2014
Program Expenses				
Instruction:				
Special	\$ 909	\$ (728,956)	\$ 9,440	\$ (712,045)
Vocational	4,728,000	4,354,161	4,536,372	4,183,189
Adult/Continuing	1,401,229	6,059	1,463,974	44,787
Other	168,594	100,167	147,958	129,753
Support Services:				
Pupils	282,976	168,792	340,081	224,204
Instructional Staff	423,946	385,612	449,875	414,916
Board of Education	15,368	14,654	13,112	12,462
Administration	1,381,485	712,213	1,281,041	616,068
Fiscal	371,948	355,458	380,207	362,203
Operation and Maintenance of Plant	1,274,079	1,057,925	1,209,735	994,975
Pupil Transportation	13,933	13,634	16,183	15,769
Central	221,997	137,091	173,494	111,627
Operation of Non-Instructional Services	302,325	(7,766)	294,182	(27,574)
Extracurricular Activities	61,187	58,291	72,452	68,863
Total	<u>\$ 10,647,976</u>	<u>\$ 6,627,335</u>	<u>\$ 10,388,106</u>	<u>\$ 6,439,197</u>

**THE SCHOOL DISTRICT FUNDS**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund had \$7,204,904 in revenues and other financing sources and \$7,295,170 in expenditures and other financing uses resulting in a decrease in fund balance of \$90,266.

The Permanent Improvement Fund had \$670,074 in revenues and \$987,190 in expenditures and other financing uses resulting in a decrease in fund balance of \$317,116. The decrease is due to the excess of expenditures and transfers out over revenues.

The Adult Education Fund had \$2,263,926 in revenues and \$2,196,137 in expenditures resulting in an increase in fund balance of \$67,789.

The Debt Service Fund had \$242,770 in revenues and other financing sources and \$14,600 in expenditures resulting in an increase in fund balance of \$228,170. The increase is primarily due to a transfer into the fund.

**General Fund Budgeting Highlights**

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

During 2015, there were several revisions to the General Fund budget. In part, these revisions decreased estimated resources by \$53,063 primarily for tuition revenues. The revisions also increased appropriations by \$141,979 primarily for vocational instruction. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The General Fund's ending unobligated cash balance was \$2,103,290.

**Scioto County Career Technical Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*Unaudited*

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal year 2015, the School District had \$20,612,867 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2015 balances compared to 2014.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 33,852	\$ 33,852
Land Improvements	731,605	760,537
Buildings and Improvements	18,674,256	18,513,803
Furniture, Fixtures and Equipment	1,094,089	1,074,887
Vehicles	79,065	74,571
<b>Totals</b>	<b>\$ 20,612,867</b>	<b>\$ 20,457,650</b>

Changes in capital assets from the prior year primarily resulted from depreciation, which was partially offset by current year additions.

***Debt***

At June 30, 2015, the School District had a construction loan outstanding of \$58,400 and capital lease obligations of \$3,150,000, of which \$14,600 of these obligations are due within one year. For additional information on debt, see Note 13 to the basic financial statements.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brett Butler, Treasurer at Scioto County Career Technical Center, 951 Vern Riffe Drive, Lucasville, Ohio 45648.

**Scioto County Career Technical Center**  
*Statement of Net Position*  
*June 30, 2015*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 6,124,551
Accounts Receivable	295,993
Accrued Interest Receivable	6,299
Intergovernmental Receivable	40,514
Property Taxes Receivable	3,143,993
Restricted Assets:	
Cash and Cash Equivalents with Escrow Agents	1,788,657
Nondepreciable Capital Assets	33,852
Depreciable Capital Assets, Net	20,579,015
<i>Total Assets</i>	32,012,874
<b>Deferred Outflows of Resources</b>	
Pensions:	
State Teachers Retirement System	650,080
School Employees Retirement System	197,857
<i>Total Deferred Outflows of Resources</i>	847,937
<b>Liabilities</b>	
Accounts Payable	61,182
Accrued Wages and Benefits Payable	433,765
Intergovernmental Payable	124,804
Non-Current Liabilities:	
Due Within One Year	153,355
Due in More Than One Year	
Net Pension Liability (See Note 10)	11,163,631
Other Amounts Due in More Than One Year	3,606,761
<i>Total Liabilities</i>	15,543,498
<b>Deferred Inflows of Resources</b>	
Pensions:	
State Teachers Retirement System	1,733,665
School Employees Retirement System	347,338
Property Taxes not Levied to Finance Current Year Operations	2,424,991
<i>Total Deferred Inflows of Resources</i>	4,505,994
<b>Net Position</b>	
Net Investment in Capital Assets	17,404,467
Restricted for:	
Capital Projects	2,284,525
Debt Service	1,788,657
Adult Education	608,827
Classroom Facilities Maintenance	966,980
Other Purposes	10,477
Unrestricted	(10,252,614)
<i>Total Net Position</i>	\$ 12,811,319

See accompanying notes to the basic financial statements.

**Scioto County Career Technical Center**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental Activities</b>				<b>Governmental Activities</b>
Instruction:				
Special	\$ 909	\$ 43	\$ 729,822	\$ 728,956
Vocational	4,728,000	293,895	79,944	(4,354,161)
Adult/Continuing	1,401,229	818,316	576,854	(6,059)
Other	168,594	42,143	26,284	(100,167)
Support Services:				
Pupils	282,976	70,357	43,827	(168,792)
Instructional Staff	423,946	29,542	8,792	(385,612)
Board of Education	15,368	714	-	(14,654)
Administration	1,381,485	406,830	262,442	(712,213)
Fiscal	371,948	16,490	-	(355,458)
Operation and Maintenance of Plant	1,274,079	147,612	68,542	(1,057,925)
Pupil Transportation	13,933	299	-	(13,634)
Central	221,997	52,557	32,349	(137,091)
Operation of Non-Instructional Services	302,325	192,807	117,284	7,766
Extracurricular Activities	61,187	2,896	-	(58,291)
<b>Totals</b>	<b>\$ 10,647,976</b>	<b>\$ 2,074,501</b>	<b>\$ 1,946,140</b>	<b>(6,627,335)</b>
 <b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				1,966,776
Permanent Improvements				554,590
Grants and Entitlements not Restricted				
to Specific Programs				4,144,399
Gifts and Donations Not Restricted to Specific Programs				1,680
Investment Earnings				105,571
Miscellaneous				129,114
<b>Total General Revenues</b>				<b>6,902,130</b>
<b>Change in Net Position</b>				<b>274,795</b>
<b>Net Position Beginning of Year (As Restated - See Note 21)</b>				<b>12,536,524</b>
<b>Net Position End of Year</b>				<b>\$ 12,811,319</b>

See accompanying notes to the basic financial statements.

**Scioto County Career Technical Center**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2015*

	General	Permanent Improvement	Adult Education	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Investments	\$ 2,478,999	\$ 1,837,411	\$ 548,919	\$ -	\$ 1,259,222	\$ 6,124,551
Receivables:						
Property Taxes	2,453,969	690,024	-	-	-	3,143,993
Accounts	41,500	-	254,493	-	-	295,993
Accrued Interest	6,299	-	-	-	-	6,299
Interfund	13,161	-	-	-	-	13,161
Intergovernmental	19,606	-	-	-	20,908	40,514
Restricted Assets:						
Cash and Cash Equivalents with Escrow Agents	-	-	-	1,788,657	-	1,788,657
<i>Total Assets</i>	<u>\$ 5,013,534</u>	<u>\$ 2,527,435</u>	<u>\$ 803,412</u>	<u>\$ 1,788,657</u>	<u>\$ 1,280,130</u>	<u>\$ 11,413,168</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>						
<b>Liabilities</b>						
Accounts Payable	\$ 21,716	\$ -	\$ 37,512	\$ -	\$ 1,954	\$ 61,182
Accrued Wages and Benefits Payable	417,315	-	16,450	-	-	433,765
Interfund Payable	-	-	-	-	13,161	13,161
Intergovernmental Payable	98,185	-	23,742	-	2,877	124,804
<i>Total Liabilities</i>	<u>537,216</u>	<u>-</u>	<u>77,704</u>	<u>-</u>	<u>17,992</u>	<u>632,912</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes not Levied to Finance Current Year Operations	1,892,968	532,023	-	-	-	2,424,991
Unavailable Revenue - Delinquent Taxes	474,698	131,997	-	-	-	606,695
Unavailable Revenue - Grants	-	-	-	-	20,908	20,908
<i>Total Deferred Inflows of Resources</i>	<u>2,367,666</u>	<u>664,020</u>	<u>-</u>	<u>-</u>	<u>20,908</u>	<u>3,052,594</u>
<b>Fund Balances</b>						
Restricted	-	1,863,415	725,708	1,788,657	1,257,741	5,635,521
Assigned	391,519	-	-	-	-	391,519
Unassigned	1,717,133	-	-	-	(16,511)	1,700,622
<i>Total Fund Balances</i>	<u>2,108,652</u>	<u>1,863,415</u>	<u>725,708</u>	<u>1,788,657</u>	<u>1,241,230</u>	<u>7,727,662</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 5,013,534</u>	<u>\$ 2,527,435</u>	<u>\$ 803,412</u>	<u>\$ 1,788,657</u>	<u>\$ 1,280,130</u>	<u>\$ 11,413,168</u>

See accompanying notes to the basic financial statements.

**Scioto County Career Technical Center**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2015*

<b>Total Governmental Fund Balances</b>		\$ 7,727,662
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,612,867
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.		
Taxes	606,695	
Intergovernmental	20,908	
<b>Total</b>	<b>627,603</b>	627,603
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	847,937	
Deferred inflows of resources related to pensions	(2,081,003)	
<b>Net Pension Liability</b>	<b>(11,163,631)</b>	(12,396,697)
Long-term liabilities, including loans, capital lease obligations, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Loans	(58,400)	
Compensated Absences	(551,716)	
Capital Lease Obligations	(3,150,000)	
<b>Total</b>	<b>(3,760,116)</b>	<b>(3,760,116)</b>
<b>Net Position of Governmental Activities</b>		<b>\$ 12,811,319</b>

See accompanying notes to the basic financial statements.

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

	General	Permanent Improvement	Adult Education	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Taxes	\$ 1,964,820	\$ 554,188	\$ -	\$ -	\$ -	\$ 2,519,008
Intergovernmental	4,760,902	113,319	526,377	-	723,972	6,124,570
Investment Earnings	50,996	-	-	53,335	1,240	105,571
Charges for Services	14,006	-	400	-	25,940	40,346
Tuition and Fees	222,487	-	1,723,650	-	-	1,946,137
Rent	-	-	4,760	-	-	4,760
Extracurricular Activities	83,206	-	52	-	-	83,258
Gifts and Donations	680	-	-	-	1,000	1,680
Miscellaneous	106,157	2,567	8,687	-	11,703	129,114
<i>Total Revenues</i>	<u>7,203,254</u>	<u>670,074</u>	<u>2,263,926</u>	<u>53,335</u>	<u>763,855</u>	<u>10,954,444</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Special	946	-	-	-	-	946
Vocational	3,967,679	-	-	-	198,373	4,166,052
Adult/Continuing	-	-	1,432,072	-	-	1,432,072
Other	106,410	259	-	-	65,221	171,890
Support Services:						
Pupils	215,675	-	48,715	-	59,771	324,161
Instructional Staff	375,066	-	2,061	-	19,756	396,883
Board of Education	15,508	-	-	-	-	15,508
Administration	755,810	-	495,405	-	158,032	1,409,247
Fiscal	361,285	17,070	-	-	-	378,355
Operation and Maintenance of Plant	1,101,526	-	139,037	-	30,774	1,271,337
Pupil Transportation	6,427	-	-	-	-	6,427
Central	139,608	-	76,597	-	1,800	218,005
Operation of Non-Instructional Services	-	2,900	-	-	291,030	293,930
Extracurricular Activities	61,684	-	-	-	-	61,684
Capital Outlay	167,380	627,627	2,250	-	91,700	888,957
Debt Service:						
Principal	-	-	-	14,600	-	14,600
<i>Total Expenditures</i>	<u>7,275,004</u>	<u>647,856</u>	<u>2,196,137</u>	<u>14,600</u>	<u>916,457</u>	<u>11,050,054</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(71,750)</u>	<u>22,218</u>	<u>67,789</u>	<u>38,735</u>	<u>(152,602)</u>	<u>(95,610)</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Capital Assets	1,650	-	-	-	-	1,650
Transfers In	-	-	-	189,435	170,065	359,500
Transfers Out	(20,166)	(339,334)	-	-	-	(359,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(18,516)</u>	<u>(339,334)</u>	<u>-</u>	<u>189,435</u>	<u>170,065</u>	<u>1,650</u>
<i>Net Change in Fund Balances</i>	<u>(90,266)</u>	<u>(317,116)</u>	<u>67,789</u>	<u>228,170</u>	<u>17,463</u>	<u>(93,960)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,198,918</u>	<u>2,180,531</u>	<u>657,919</u>	<u>1,560,487</u>	<u>1,223,767</u>	<u>7,821,622</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,108,652</u>	<u>\$ 1,863,415</u>	<u>\$ 725,708</u>	<u>\$ 1,788,657</u>	<u>\$ 1,241,230</u>	<u>\$ 7,727,662</u>

See accompanying notes to the basic financial statements.

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

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**Net Change in Fund Balances - Total Governmental Funds** \$ (93,960)

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

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

Capital Asset Additions	888,957	
Current Year Depreciation	(727,718)	
<b>Total</b>	<b>161,239</b>	161,239

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. These are the amounts of the loss from the disposal of capital assets and the proceeds from the sale of capital assets.

Proceeds from Sale of Capital Assets	(1,650)	
Loss from Disposal of Capital Assets	(4,372)	
<b>Total</b>	<b>(6,022)</b>	(6,022)

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

Taxes	2,358	
Intergovernmental	(34,031)	
<b>Total</b>	<b>(31,673)</b>	(31,673)

Repayments of loan principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.

14,600

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.

742,845

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(542,659)

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.

Decrease in Compensated Absences	30,425	
<b>Total</b>	<b>30,425</b>	30,425

**Net Change in Net Position of Governmental Activities** **\$ 274,795**

See accompanying notes to the basic financial statements.

**Scioto County Career Technical Center**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual*  
*(Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget: Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 7,266,084	\$ 7,213,021	\$ 7,213,021	\$ -
Total Expenditures and Other Uses	<u>7,309,358</u>	<u>7,451,337</u>	<u>7,397,163</u>	<u>54,174</u>
Net Change in Fund Balance	(43,274)	(238,316)	(184,142)	54,174
Fund Balance, July 1, 2014	2,108,895	2,108,895	2,108,895	-
Prior Year Encumbrances Appropriated	<u>178,537</u>	<u>178,537</u>	<u>178,537</u>	<u>-</u>
Fund Balance, June 30, 2015	<u>\$ 2,244,158</u>	<u>\$ 2,049,116</u>	<u>\$ 2,103,290</u>	<u>\$ 54,174</u>

See accompanying notes to the basic financial statements.

**Scioto County Career Technical Center**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget and Actual*  
*(Budgetary Basis)*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2015*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance with Final Budget: Positive (Negative)</b>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 2,735,486	\$ 2,450,509	\$ 2,450,509	\$ -
Total Expenditures and Other Uses	<u>2,594,200</u>	<u>2,489,791</u>	<u>2,411,152</u>	<u>78,639</u>
Net Change in Fund Balance	141,286	(39,282)	39,357	78,639
Fund Balance, July 1, 2014	493,884	493,884	493,884	-
Prior Year Encumbrances Appropriated	<u>10,194</u>	<u>10,194</u>	<u>10,194</u>	<u>-</u>
Fund Balance, June 30, 2015	<u>\$ 645,364</u>	<u>\$ 464,796</u>	<u>\$ 543,435</u>	<u>\$ 78,639</u>

See accompanying notes to the basic financial statements.

**Scioto County Career Technical Center**  
*Statement of Fiduciary Assets and Liabilities*  
*Fiduciary Fund*  
*June 30, 2015*

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	<u>Agency Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 23,709</u>
<i>Total Assets</i>	<u><u>\$ 23,709</u></u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$ 23,709</u>
<i>Total Liabilities</i>	<u><u>\$ 23,709</u></u>

See accompanying notes to the basic financial statements.

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**Scioto County Career Technical Center**  
*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**

Scioto County Career Technical Center (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-appointed Board form of government consisting of three members appointed by the South Central Ohio Educational Service Center and two members appointed by the Portsmouth City School District. The five members are appointed for three year terms for a maximum of two consecutive terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1971 through the consolidation of existing land areas and school districts. The School District serves the entire Scioto County area. It is located in Lucasville, Ohio. It is staffed by 27 non-certificated full-time employees, and 60 certificated full-time teaching personnel who provide services to 547 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

*Reporting Entity:*

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Scioto County Career Technical Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Scioto County Career Technical Center, this includes general operations, food service, 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 organization's 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 School District is associated with five organizations, of which two are defined as jointly governed organizations and three as insurance purchasing pools. These organizations are the South Central Ohio Computer Association Council of Governments, Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Optimal Health Initiatives Consortium. These organizations are presented in Notes 14 and 15 to the basic financial statements.

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

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

**Fund Accounting**

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

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

**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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities 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 general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

**Permanent Improvement Fund**

The Permanent Improvement Fund is used to account for the all transactions related to the acquiring, constructing, or improving of such permanent improvements. The main source of revenue for the Permanent Improvement Fund is property taxes.

**Adult Education Fund**

The Adult Education Fund is used to account for all revenues and expenditures related to the provision of credit and noncredit classes to the community. The main source of revenue for the Adult Education Fund is tuition and fees.

**Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's agency funds account for student-managed activities and account for Pell Grant and Federal Direct Loan proceeds and disbursements to various students within the School District.

**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.

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

**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 governmental activities of the School District at 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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.

**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 fund financial statements is on major funds rather than reporting funds by type. 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 fund type.

**Measurement Focus and Basis of Accounting**

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension liabilities, and the recording of net pension liabilities.

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

**Revenues – Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Measurable means that the amount of the transaction can be determined and 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 fiscal 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. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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.

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

**Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions as of June 30, 2015. The deferred outflows of resources related to the pension are explained in Note 10. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and intergovernmental receivable which are not collected in the available period and pensions. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, interest and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension are only reported on the Statement of Net Position. (See Note 10)

**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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and 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. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2015.

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

**Cash and Cash Equivalents**

To improve cash management, 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. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and Debt Service Funds were \$50,996 and \$53,335, respectively. Interest revenue for all other non-major governmental funds amounted to \$1,240.

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

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as "Equity in Pooled Cash and Investments" on the financial statements. Investments with an initial maturity of more than three months are reported as investments.

The School District maintains a sinking fund for repayment of a lease-purchase agreement and this amount is reported as "Cash and Cash Equivalents with Escrow Agents" on the financial statements.

**Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets 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. 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 dollars. The School District does not have any infrastructure.

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 capitalized. Improvements are capitalized. All reported capital assets, except land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives: Land Improvements - 5 years, Buildings and Improvements - 50 years, furniture, fixtures, and equipment (FF & E) - 8 to 20 years, and vehicles - 10 to 15 years.

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

**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. Sick leave benefits are accrued as a liability using the termination payment 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 School District's past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

**Interfund Balances**

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

**Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits 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 in the current year. Loans and capital leases are recognized as a liability on the government-wide financial statements when due.

**Net Position**

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred inflows and outflows related to the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants whose use is restricted by grant agreements.

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

Of the School District's \$5,659,466 in restricted net position, none is restricted by enabling legislation.

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

**Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School 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 classification includes amounts that cannot be spent because they are not in the 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.

***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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 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 School 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 policies of the School District Board of Education.

***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 School 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.

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the other governmental funds represent cash held with an escrow agent held for future lease payments.

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

**Estimates**

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

**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.

**NOTE 3 – ACCOUNTABILITY**

At June 30, 2015, the Food Service, Vocational Education, and Miscellaneous Federal Grants Funds had deficit fund balances of \$458, \$15,964, and \$89, respectively. Deficits were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) presented for the General Fund and Adult Education Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	\$ (90,266)	\$ 67,789
Revenue Accruals	69,748	186,583
Expenditure Accruals	(153,699)	(209,527)
Perspective Difference:		
Activity of Funds Reclassified for GAAP Reporting Purposes	(1,965)	-
Encumbrances	(7,960)	(5,488)
Budget Basis	\$ (184,142)	\$ 39,357

**NOTE 5 - 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 commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either 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 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 monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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;

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*Notes to the Basic Financial Statements*  
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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
9. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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 money deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Deposits*** Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2015, the School District's bank balance of \$6,386,596 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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

	Carrying/Fair Value	<u>Investment Maturities (in years)</u>
		Less than 1
Federal Home Loan Mortgage Corporation	\$ 1,787,927	\$ 1,787,927

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to repurchase agreements, money market accounts, and U.S. Government Agency securities/instrumentalities. The Federal Home Loan Mortgage Corporation securities are all rated AA+ by Standard & Poor’s and AAA by Moody’s.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District’s investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 100% in Federal Home Loan Mortgage Corporation securities.

Custodial credit risk - 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. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

**NOTE 6 - 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 a new fiscal year.

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2015 represents 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 year 2015 represents collections of calendar year 2014 taxes. Public utility real property taxes received in calendar year 2015 became a lien on 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 School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County 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.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2015. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2015, was \$86,303 in the General Fund and \$26,004 in the Permanent Improvement Fund.

The assessed values upon which 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	\$ 899,824,930	91.05%	\$ 909,041,140	90.94%
Public Utility	88,482,430	8.95%	90,548,690	9.06%
Total Assessed Value	<u>\$ 988,307,360</u>	<u>100.00%</u>	<u>\$ 999,589,830</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$ 5.37		 \$ 5.37	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2015, consisted of property taxes, accrued interest, interfund, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<b><i>Major Fund:</i></b>	
General	\$ 19,606
<b><i>Non-Major Funds:</i></b>	
Vocational Education	13,754
Improving Teacher Quality	<u>7,154</u>
Total Non-Major Funds	<u>20,908</u>
Total	<u>\$ 40,514</u>

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**NOTE 8 – CAPITAL ASSETS**

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

	<b>6/30/2014</b>			<b>6/30/2015</b>
	<b>Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated				
Land	\$ 33,852	\$ -	\$ -	\$ 33,852
Total Capital Assets, Not Being Depreciated	<u>33,852</u>	<u>-</u>	<u>-</u>	<u>33,852</u>
Capital Assets Being Depreciated				
Land Improvements	1,338,951	21,000	-	1,359,951
Buildings & Improvements	23,526,973	640,501	-	24,167,474
Furniture, Fixtures and Equipment	2,424,078	208,456	(28,239)	2,604,295
Vehicles	241,378	19,000	-	260,378
Total Capital Assets Being Depreciated	<u>27,531,380</u>	<u>888,957</u>	<u>(28,239)</u>	<u>28,392,098</u>
Less: Accumulated Depreciation				
Land Improvements	(578,414)	(49,932)	-	(628,346)
Buildings & Improvements	(5,013,170)	(480,048)	-	(5,493,218)
Furniture, Fixtures and Equipment	(1,349,191)	(183,232)	22,217	(1,510,206)
Vehicles	(166,807)	(14,506)	-	(181,313)
Total Accumulated Depreciation	<u>(7,107,582)</u>	<u>(727,718)</u>	<u>22,217</u>	<u>(7,813,083)</u>
Total Capital Assets Being Depreciated, Net	<u>20,423,798</u>	<u>161,239</u>	<u>(6,022)</u>	<u>20,579,015</u>
Governmental Capital Assets, Net	<u>\$ 20,457,650</u>	<u>\$ 161,239</u>	<u>\$ (6,022)</u>	<u>\$ 20,612,867</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$ 646,731
Support Services:	
Pupils	450
Instructional Staff	35,393
Administration	1,097
Fiscal	135
Operation and Maintenance of Plant	23,794
Pupil Transportation	7,506
Operation of Non-Instructional Services	12,612
Total Depreciation Expense	<u>\$ 727,718</u>

**Scioto County Career Technical Center**  
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**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the School District contracted with Ohio School Plan (OSP), an insurance purchasing pool. Each participating school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. Coverages provided by OSP were as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$36,958,646
Boiler and Machinery (\$25,000 deductible)	36,958,646
Garage Keepers (\$250 deductible)	100,000
General Liability	
Per occurrence	1,000,000
General Aggregate	3,000,000
Automobile Liability (buses not covered) (\$250 deductible for all other autos)	1,000,000

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

For fiscal year 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Plan.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling fund" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 14), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**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 a significant effect on beginning net position as reported June 30, 2014, as more fully described in Note 21. 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.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Net Pension Liability** (continued)

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

GASB 68 assumes the liability is solely the obligation of the 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. Any 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.

**Plan Description - School Employees Retirement System (SERS)**

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. 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 by visiting the 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.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Plan Description - School Employees Retirement System (SERS)** (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School 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 the fiscal year ended 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 School District's contractually required contribution to SERS was \$179,693 for fiscal year 2015. Of this amount \$1,771 is reported as an intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)**

Plan Description – School District licensed teachers and other faculty members participate in 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 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 years 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.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Plan Description - State Teachers Retirement System (STRS)** (continued)

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 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 School District's contractually required contribution to STRS Ohio was \$559,355 for fiscal year 2015. Of this amount \$90,033 is reported as an intergovernmental payable.

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability reported as of June 30, 2015 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share as well as the pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,134,149	\$9,029,482	\$11,163,631
Proportion of the Net Pension Liability	0.042169%	0.03712252%	
Pension Expense	\$125,505	\$417,154	\$542,659

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (continued)

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

<b>Deferred Outflows of Resources</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Differences between expected and actual economic experience	\$18,164	\$86,928	\$105,092
School District contributions subsequent to the measurement date	<u>179,693</u>	<u>563,152</u>	<u>742,845</u>
<b>Total</b>	<b><u>\$197,857</u></b>	<b><u>\$650,080</u></b>	<b><u>\$847,937</u></b>

  

<b>Deferred Inflows of Resources</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Differences between projected and actual investment earnings	\$346,378	\$1,670,488	\$2,016,866
Differences between School District contributions and proportionate share of contributions	<u>960</u>	<u>63,177</u>	<u>64,137</u>
<b>Total</b>	<b><u>\$347,338</u></b>	<b><u>\$1,733,665</u></b>	<b><u>\$2,081,003</u></b>

\$742,845 reported as deferred outflows of resources related to pension resulting from School 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:

Fiscal Year Ending June 30:	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
2016	(\$82,294)	(\$411,684)	(\$493,978)
2017	(82,294)	(411,684)	(493,978)
2018	(82,293)	(411,684)	(493,977)
2019	<u>(82,293)</u>	<u>(411,685)</u>	<u>(493,978)</u>
<b>Total</b>	<b><u>(\$329,174)</u></b>	<b><u>(\$1,646,737)</u></b>	<b><u>(\$1,975,911)</u></b>

**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.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions - SERS** (continued)

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 of 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 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 %
US Stocks	22.50	5.00
Non-US 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.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions - SERS** (continued)

***Sensitivity of the School 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%)
School District's proportionate share of the net pension liability	\$3,044,797	\$2,134,149	\$1,368,216

**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 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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:

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

**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

**Actuarial Assumptions – STRS** (continued)

**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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the School 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 School 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:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$12,926,687	\$9,029,482	\$5,733,757

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2015, three of the School District’s members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 0 percent, 1 percent, and 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2015, 2014, and 2013, respectively. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$0, \$38,214, and \$39,815, for fiscal years 2015, 2014, and 2013, respectively, which equaled the required allocations for those years.

**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2015 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2015, 2014, and 2013, the actuarially required allocations were 0.74 percent, 0.76 percent, and 0.74 percent, respectively. For the School District, contributions for the fiscal years ended June 30, 2015, 2014, and 2013, were \$10,089, \$8,647, and \$7,976, respectively, which equaled the required allocations for those years.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2015, 2014, and 2013, the health care allocations were 0.82 percent, 0.14 percent, and 0.16 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 minimum compensation level was established at \$20,450. The surcharge when added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amounts contributed to fund health care benefits, including the surcharge, during the 2015, 2014, and 2013 fiscal years equaled \$40,045, \$23,609, and \$22,532, respectively, which equaled the required allocations for those years.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

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**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 56 days for classified employees and 56 days for certified employees.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Education Council.

**NOTE 13 - LONG-TERM OBLIGATIONS**

*Scioto County Career Technical Center Construction Loan* - On July 6, 2004, Scioto County Career Technical Center signed a loan agreement in the amount of \$219,000 for the purpose of assisting construction costs of workforce education facilities. The loan was issued for a fifteen year period with the final payment during fiscal year 2019. The debt is being retired from property taxes.

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

	Principal Outstanding 06/30/14*	Additions	Deductions	Principal Outstanding 06/30/15	Due in One Year
Construction Loan 2004 0%	\$ 73,000	\$ -	\$ (14,600)	\$ 58,400	\$ 14,600
Total Long-Term Loans	73,000	-	(14,600)	58,400	14,600
Capital Leases	3,150,000	-	-	\$ 3,150,000	-
Net Pension Liability:					
STRS	10,755,859	-	(1,726,377)	9,029,482	-
SERS	2,507,655	-	(373,506)	2,134,149	-
Total Net Pension Liability	13,263,514	-	(2,099,883)	11,163,631	-
Compensated Absences	582,141	594,863	(625,288)	\$ 551,716	138,755
Total General Long- Term Obligations	<u>\$ 17,068,655</u>	<u>\$ 594,863</u>	<u>\$ (2,739,771)</u>	<u>\$ 14,923,747</u>	<u>\$ 153,355</u>

\*As restated - see Note 21

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 13 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire the general obligation debt at June 30, 2015, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2016	\$ 14,600	\$ -	\$ 14,600
2017	14,600	-	14,600
2018	14,600	-	14,600
2019	14,600	-	14,600
Total	\$ 58,400	\$ -	\$ 58,400

The School District's voted legal debt margin was \$89,904,685 with an unvoted debt margin of \$999,590 at June 30, 2015.

**NOTE 14 - INSURANCE PURCHASING POOLS**

*Ohio School Boards Association Workers' Compensation Group Rating Plan* - The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (WCGRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The WCGRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

*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 nonprofit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide 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 fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

*Optimal Health Initiatives Consortium* – The School District is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economics of scale to create cost-savings. The Consortium's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association Council of Governments* - The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 59 public education entities, 60 non-public education entities, and public libraries from 24 Ohio counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The School District paid SCOCA COG \$61,337 for services provided during the year. Financial information for SCOCA COG can be obtained from Sandee Benson, P.O. Box 596, 175 Beaver Creek, Suite 2, Piketon, Ohio 45661.

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools (the "Coalition") is a jointly governed organization of 136 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of 15 members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding education conditions in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District, and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid \$0 to the Coalition for services provided during the fiscal year.

**NOTE 16 - CONTINGENCIES**

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

B. Litigation

The School District is not party to legal proceedings as of June 30, 2015.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
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**NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During fiscal year 2006, the School District issued \$3,150,000 in Qualified Zone Academy Bonds (QZAB) to be used for acquiring equipment and making improvements to school buildings. The terms of these QZAB are structured as a non-certificated lease-purchase agreement. The terms for repayment of the lease-purchase agreement call for the School District to make annual deposits to a sinking fund held in the School District's name and to then make a final lease payment of \$3,150,000 in fiscal year 2021.

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

	Year Ending June 30,	
	2021	\$ 3,150,000
Total Minimum Lease Payments		3,150,000
Less: Amount Representing Interest		-
Present Value of Minimum Lease Payments		\$ 3,150,000

**NOTE 18 - STATUTORY RESERVES**

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

The following information describes the changes in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Maintenance Reserve
Cash Balance July 01, 2014	\$0
Current Year Set-Aside Requirement	104,084
Current Year Qualifying Expenditures	(104,084)
Total	\$0
Set Aside Reserve Cash Balance as of June 30, 2015	\$0

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$2,859,374 at June 30, 2015.

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2015

**NOTE 19 - INTERFUND ACTIVITY**

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

<u>Interfund Transfers</u>	<u>Transfer From:</u>	<u>Transfer To:</u>
Major Funds:		
General	\$ 20,166	\$ -
Debt Service	-	189,435
Permanent Improvement	339,334	-
Non-major Funds:		
Food Service	-	20,000
Classroom Facilities	-	-
Classroom Facilities Maintenance	-	149,899
Carl Perkins	-	166
Total Non-major Funds	<u>-</u>	<u>170,065</u>
Total	<u>\$ 359,500</u>	<u>\$ 359,500</u>

During the year, the School District's General Fund moved unrestricted monies into various other funds to subsidize operations. The Permanent Improvement Fund transferred tax levy proceeds to meet debt service requirements. The Permanent Improvement Fund also transferred monies to the Classroom Facilities Maintenance Fund in order to meet the maintenance reserve set aside required by the project agreement between the School District and the Ohio School Facilities Commission.

**NOTE 20 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Restricted for</b>						
Other Purposes	\$0	\$0	\$0	\$0	\$1,654	\$1,654
Adult Education	0	725,708	0	0	0	725,708
Classroom Facilities Maintenance	0	0	0	0	966,974	966,974
Debt Services Payments	0	0	0	1,788,657	0	1,788,657
Capital Improvements	0	0	1,863,415	0	289,113	2,152,528
Total Restricted	<u>0</u>	<u>725,708</u>	<u>1,863,415</u>	<u>1,788,657</u>	<u>1,257,741</u>	<u>5,635,521</u>
<b>Assigned to</b>						
Other Purposes	<u>391,519</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>391,519</u>
<b>Unassigned (Deficit)</b>	<u>1,717,133</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(16,511)</u>	<u>1,700,622</u>
Total Fund Balances	<u>\$2,108,652</u>	<u>\$725,708</u>	<u>\$1,863,415</u>	<u>\$1,788,657</u>	<u>\$1,241,230</u>	<u>\$7,727,662</u>

**Scioto County Career Technical Center**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES**

For 2015, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No.27” and GASB Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.”

Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI).

Statement No. 71 amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability

The impact of the application of Statement No. 68 and Statement No. 71 had the following effect on beginning net position.

Net position, July 1, 2014-As previously stated	\$25,133,407
School District Share of Beginning Plan Net Pension Liability	(13,263,514)
School District Share of 2014 Employer Contributions	<u>666,631</u>
Net position, July 1, 2014-As restated	<u>\$12,536,524</u>

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resource as the information needed to generate these restatements was not available.

**Scioto County Career Technical Center**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Years*

	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	<u>12,820,884,107</u>	<u>11,300,482,029</u>
Net pension liability	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.042169%	0.042169%
School District's proportionate share of the net pension liability	\$ 2,134,149	\$ 2,507,655
School District's covered-employee payroll	\$ 1,225,339	\$ 1,025,036
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.20%	244.60%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.50%

**Scioto County Career Technical Center**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Years*

	<u>2014</u>	<u>2013</u>
Total plan pension liability	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	<u>71,843,596,331</u>	<u>65,392,746,348</u>
Net pension liability	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.03712252%	0.03712252%
School District's proportionate share of the net pension liability	\$ 9,029,482	\$ 10,755,859
School District's covered-employee payroll	\$ 3,793,008	\$ 3,970,123
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.10%	270.90%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

**Scioto County Career Technical Center**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 179,693	\$ 169,832	\$ 141,865	\$ 67,371	\$ 150,377	\$ 174,235	\$ 142,386	\$ 101,432	\$ 110,261	\$ 141,433
Contributions in relation to the contractually required contribution	(179,693)	(169,832)	(141,865)	(67,371)	(150,377)	(174,235)	(142,386)	(101,432)	(110,261)	(141,433)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered-employee payroll	\$ 1,363,376	\$ 1,225,339	\$ 1,025,036	\$ 500,900	\$ 1,196,317	\$ 1,286,817	\$ 1,447,012	\$ 1,032,912	\$ 1,032,406	\$ 1,336,796
Contributions as a percentage of covered employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Scioto County Career Technical Center**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Years*

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 559,355	\$ 493,091	\$ 516,116	\$ 524,211	\$ 527,095	\$ 503,798	\$ 554,255	\$ 604,828	\$ 491,642	\$ 446,305
Contributions in relation to the contractually required contribution	(559,355)	(493,091)	(516,116)	(524,211)	(527,095)	(503,798)	(554,255)	(604,828)	(491,642)	(446,305)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District covered-employee payroll	\$ 3,995,393	\$ 3,793,008	\$ 3,970,123	\$ 4,032,392	\$ 4,054,577	\$ 3,875,369	\$ 4,263,500	\$ 4,652,523	\$ 3,781,862	\$ 3,433,115
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**SCIOTO COUNTY CAREER TECHNICAL CENTER  
SCIOTO COUNTY**

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

<b>FEDERAL GRANTOR/ Pass Through Grantor Program / Cluster Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<b><i>Passed Through Ohio Department of Education:</i></b>				
Child Nutrition Cluster:				
School Breakfast Program	2015	10.553	\$ 65,385	\$ 65,385
National School Lunch Program	2015	10.555	180,819	180,819
Total Child Nutrition Cluster			<u>246,204</u>	<u>246,204</u>
Total U.S. Department of Agriculture			246,204	246,204
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<b><i>Direct from Federal Government:</i></b>				
Student Financial Aid Cluster:				
Federal Direct Loan Program	2014	84.268	251,321	251,321
Federal Direct Loan Program	2015		915,837	915,837
Federal Pell Grant Program	2014	84.063	106,625	106,625
Federal Pell Grant Program	2015		761,967	761,967
Total Student Financial Aid Cluster			<u>2,035,750</u>	<u>2,035,750</u>
Rural Education	2015	84.358A	42,715	42,715
<b><i>Passed Through Ohio Department of Education:</i></b>				
Career and Technical Education- Basic Grants to States	2014	84.048	47,119	49,600
	2015		397,406	410,568
Total Career and Technical Education- Basic Grants to States			<u>444,525</u>	<u>460,168</u>
Improving Teacher Quality State Grants	2014	84.367	1,997	0
	2015		1,487	1,487
Total Improving Teacher Quality State Grants			<u>3,484</u>	<u>1,487</u>
Total U.S. Department of Education			<u>2,526,474</u>	<u>2,540,120</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 2,772,678</u></b>	<b><u>\$ 2,786,324</u></b>

*The accompanying notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**SCIOTO COUNTY CAREER TECHNICAL CENTER  
SCIOTO COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Scioto County Career Technical Center  
Scioto County  
951 Vern Riffe Drive  
Lucasville, Ohio 45648

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 Scioto County Career Technical Center, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 20, 2016. We noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District'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 misstatement of the School District'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 School District'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 the 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District'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

January 20, 2016



# Dave Yost • Auditor of State

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

Scioto County Career Technical Center  
Scioto County  
951 Vern Riffe Drive  
Lucasville, Ohio 45648

To the Board of Education:

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

We have audited the Scioto County Career Technical Center's (the School District) 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 each of the Scioto County Career Technical Center's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

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

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

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

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs 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 School District'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 School District's major programs. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Scioto County Career Technical Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

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

The School District'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 School District'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 School District'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

January 20, 2016

**SCIOTO COUNTY CAREER TECHNICAL CENTER  
SCIOTO COUNTY**

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

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under §.510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Student Financial Aid Cluster – Federal Pell Grant Program and Federal Direct Loan Program: CFDA #s 84.063 and 84.268  Career and Technical Education – Basic Grants to States – CFDA # 84.048
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

SCIOTO COUNTY CAREER TECHNICAL CENTER

SCIOTO 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  
FEBRUARY 9, 2016