



Dave Yost • Auditor of State



**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Basic Financial Statements:	
Management's Discussion and Analysis .....	5
Statement of Net Position .....	15
Statement of Activities .....	16
Balance Sheet – Governmental Funds .....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund .....	21
Statement of Fund Net Position – Enterprise Fund .....	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Enterprise Fund .....	23
Statement of Cash Flows – Enterprise Fund .....	24
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	25
Statement of Changes in Net Position – Private Purpose Trust Fund .....	26
Notes to the Basic Financial Statements .....	27
Required Supplementary Information:	
Schedule of the Career Center's Proportionate Share of the Net Pension Liability:	
School Employees Retirement System of Ohio – Last Two Fiscal Years .....	58
State Teachers Retirement System of Ohio – Last Two Fiscal Years .....	59
Schedule of the Career Center's Contributions:	
School Employees Retirement System of Ohio – Last Ten Fiscal Years .....	60
State Teachers Retirement System of Ohio – Last Ten Fiscal Years .....	62
Schedule of Federal Awards Receipts and Expenditures .....	65
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	66

WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	67
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	69
Schedule of Findings – OMB Circular A-133 § .505 .....	71



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

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

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Washington County Career Center, Washington County, Ohio, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof, for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 4 to the financial statements, during the fiscal year ended June 30, 2015, the Career Center adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 Career Center's basic financial statements taken as a whole.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

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

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

December 23, 2015

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

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The discussion and analysis of the Washington County Career Center's (the Career Center) financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

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

- In total, net position increased \$854,594. Net position of governmental activities increased \$574,342; similarly, the net position of the business-type activity increased \$280,252 from 2013.
- General revenues accounted for \$5,582,660 in revenue or 71% of all revenues for governmental activities. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$2,248,366 or 29% of total revenues of \$7,831,026.
- Total program expenses were \$9,589,839; \$7,256,684 in governmental activities and \$2,333,155 in the business-type activity.

**Using this Annual Financial Report**

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

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

***Reporting the Career Center as a Whole***

*Statement of Net Position and Statement of Activities*

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

## Washington County Career Center, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

Unaudited

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

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

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

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

### ***Reporting the Career Center's Most Significant Funds***

#### *Fund Financial Statements*

The analysis of the Career Center's major funds begins on page 12. Fund financial reports provide detailed information about the Career Center's major fund. The Career Center uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the General Fund.

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

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

## Washington County Career Center, Ohio

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

Unaudited

### The Career Center as a Whole

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

(Table 1)  
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets</b>						
Current and Other Assets	\$7,584,449	\$7,011,133	\$1,715,171	\$1,516,284	\$9,299,620	\$8,527,417
Capital Assets, Net	6,657,785	6,845,632	897,542	905,827	7,555,327	7,751,459
<i>Total Assets</i>	<u>14,242,234</u>	<u>13,856,765</u>	<u>2,612,713</u>	<u>2,422,111</u>	<u>16,854,947</u>	<u>16,278,876</u>
<b>Deferred Outflows of Resources</b>						
Pension	455,489	366,444	223,729	179,123	679,218	545,567
<b>Liabilities</b>						
Current and Other Liabilities	587,385	525,969	90,822	100,341	678,207	626,310
Long-term Liabilities:						
Due Within One Year	144,613	135,240	31,003	1,517	175,616	136,757
Due in More Than One Year:						
Net Pension Liability	6,175,419	7,337,081	3,066,540	3,645,235	9,241,959	10,982,316
Other Amounts	2,350,785	2,478,425	55,013	97,975	2,405,798	2,576,400
<i>Total Liabilities</i>	<u>9,258,202</u>	<u>10,476,715</u>	<u>3,243,378</u>	<u>3,845,068</u>	<u>12,501,580</u>	<u>14,321,783</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	2,249,239	2,246,319	0	0	2,249,239	2,246,319
Pension	1,115,765	0	556,646	0	1,672,411	0
<i>Total Deferred Inflows of Resources</i>	<u>3,365,004</u>	<u>2,246,319</u>	<u>556,646</u>	<u>0</u>	<u>3,921,650</u>	<u>2,246,319</u>
<b>Net Position</b>						
Net Investment in						
Capital Assets	4,646,493	4,699,500	894,758	901,660	5,541,251	5,601,160
Restricted	799,976	686,728	0	0	799,976	686,728
Unrestricted (Deficits)	(3,371,952)	(3,886,053)	(1,858,340)	(2,145,494)	(5,230,292)	(6,031,547)
<i>Total Net Position</i>	<u>\$2,074,517</u>	<u>\$1,500,175</u>	<u>(\$963,582)</u>	<u>(\$1,243,834)</u>	<u>\$1,110,935</u>	<u>\$256,341</u>

During fiscal year 2015, the Career Center 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 Career Center'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.

## Washington County Career Center, Ohio

### Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2015

Unaudited

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Governmental Accounting Standards Board (GASB) 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 Career Center'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 Career Center 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 Career Center'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, the Career Center 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 total net position at June 30, 2014, from \$8,470,812 to \$1,500,175 for governmental activities and from \$2,222,278 to (\$1,243,834) for business-type activities.

**Washington County Career Center, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

Unaudited

Total assets increased \$576,071, with governmental assets increasing \$385,469 and business-type assets increasing \$190,602. For governmental activities, cash and cash equivalents increased \$500,312 as well as investments with Fiscal Agents in the amount of \$88,252. All the other current asset accounts reported small increases except intergovernmental receivables, inventory held for resale, and materials and supplies inventory which all had small decreases. Depreciable Capital Assets also experienced a decrease of \$187,847. The increase in business-type activity assets was mainly due to an increase in cash and cash equivalents of \$385,603 as well as accounts receivables in the amount of \$37,910. These increases were offset by decreases in intergovernmental receivables and capital assets of \$228,214 and \$8,285, respectively.

Total liabilities decreased \$1,820,203, with governmental liabilities decreasing \$1,218,513 and business-type activity liabilities decreasing \$601,690. The governmental funds report an increase of \$43,210 in accounts payable with little changes in other current liabilities. Outside the net pension liability, long-term liabilities decreased \$127,640, reflecting current year debt payments. For the business-type activity, current liabilities decreased \$9,519. Outside the net pension liability, the long-term liabilities in the business-type activity reflected a \$42,962 decrease.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2015, compared to changes in net position for the fiscal year ended June 30, 2014.

(Table 2)  
Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues</b>						
Program Revenues						
Charges for Services and Sales	\$167,852	\$113,888	\$2,085,050	\$2,912,081	\$2,252,902	\$3,025,969
Operating Grants, Contributions and Interest	2,080,514	1,356,590	372,122	386,949	2,452,636	1,743,539
Capital Grants	0	0	15,675	0	15,675	0
Total Program Revenues	<u>2,248,366</u>	<u>1,470,478</u>	<u>2,472,847</u>	<u>3,299,030</u>	<u>4,721,213</u>	<u>4,769,508</u>
General Revenues						
Property Taxes	2,034,091	2,002,366	0	0	2,034,091	2,002,366
Grants and Entitlements	3,456,476	3,528,290	0	0	3,456,476	3,528,290
Payments in Lieu of Taxes	0	0	0	0	0	0
Interest	50,736	124,000	0	0	50,736	124,000
Gain on Sale of Capital Assets	0	866	0	0	0	866
Miscellaneous	41,357	19,300	140,560	24,695	181,917	43,995
Total General Revenues	<u>5,582,660</u>	<u>5,674,822</u>	<u>140,560</u>	<u>24,695</u>	<u>5,723,220</u>	<u>5,699,517</u>
Total Revenues	<u>7,831,026</u>	<u>7,145,300</u>	<u>2,613,407</u>	<u>3,323,725</u>	<u>10,444,433</u>	<u>10,469,025</u>

**Washington County Career Center, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

Unaudited

(Table 2)

Changes in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
<b>Program Expenses</b>						
Instruction:						
Regular	998,815	969,927	0	0	998,815	969,927
Vocational	2,285,311	2,200,962	0	0	2,285,311	2,200,962
Adult/Continuing	730,786	477,015	0	0	730,786	477,015
Support Services:						
Pupils	188,829	185,254	0	0	188,829	185,254
Instructional Staff	341,795	287,986	0	0	341,795	287,986
Board of Education	23,110	24,924	0	0	23,110	24,924
Administration	478,440	479,165	0	0	478,440	479,165
Fiscal	353,742	358,807	0	0	353,742	358,807
Business	6,682	5,779	0	0	6,682	5,779
Operation and Maintenance of Plant	684,655	694,259	0	0	684,655	694,259
Transportation	2,081	3,550	0	0	2,081	3,550
Central	322,211	373,724	0	0	322,211	373,724
Operation of Non-Instructional Services:						
Other	603,434	525,967	0	0	603,434	525,967
Food Service Operations	182,183	197,801	0	0	182,183	197,801
Extracurricular Activities	15,443	4,264	0	0	15,443	4,264
Interest and Fiscal Charges	39,167	45,693	0	0	39,167	45,693
Adult Education	0	0	2,333,155	3,118,406	2,333,155	3,118,406
Total Expenses	<u>7,256,684</u>	<u>6,835,077</u>	<u>2,333,155</u>	<u>3,118,406</u>	<u>9,589,839</u>	<u>9,953,483</u>
Change in Net Position	574,342	310,223	280,252	205,319	854,594	515,542
Net Position						
Beginning of Year	<u>1,500,175</u>	<u>N/A</u>	<u>(1,243,834)</u>	<u>N/A</u>	<u>256,341</u>	<u>N/A</u>
Net Position End of Year	<u><u>\$2,074,517</u></u>	<u><u>\$1,500,175</u></u>	<u><u>(\$963,582)</u></u>	<u><u>(\$1,243,834)</u></u>	<u><u>\$1,110,935</u></u>	<u><u>\$256,341</u></u>

The information necessary to restate the fiscal year 2014 beginning balances and the fiscal year 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, fiscal year 2014 functional expenses still include pension expense of \$366,444 for governmental activities and \$179,123 for business-type activities 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 fiscal year 2015 statements report pension expense of \$262,408 for governmental activities and \$128,077 for business-type activities.

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

Consequently, in order to compare fiscal year 2015 total program expenses to fiscal year 2014, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2015 program expenses under GASB 68	\$7,256,684	\$2,333,155
Pension expense under GASB 68	(262,408)	(128,077)
2015 contractually required contribution	397,350	194,732
Adjusted 2015 program expenses	7,391,626	2,399,810
Total 2014 program expenses under GASB 27	6,835,077	3,118,406
Increase in program expenses not related to pension	\$556,549	(\$718,596)

***Governmental Activities***

Net position of the Career Center's governmental activities increased \$574,342 in fiscal year 2015. Total governmental expenses of \$7,256,684 did not exceed the program revenues of \$2,248,366 and general revenues of \$5,582,660.

The primary sources of revenue for the Career Center are derived from property taxes and State foundation payments. These two revenue sources represent 70 percent of the total revenue. The remaining 30 percent of revenue is from program revenues, interest, gain on sale of capital assets, and miscellaneous sources.

In June 2015, the Governor signed the House Bill 64 "Budget Bill". This bill, much like House Bill 59 signed in June of 2013, states that funding for Joint Vocational School Districts will be calculated using average daily membership estimates and valuation projections provided by the Departments of Education and Taxation. During fiscal years 2014 and 2015, the Career Center received the maximum allowed due to our enrollment increases.

Program revenues covered 30.9 percent of program expenses overall. The remaining 69.1 percent is supported through tax revenues and other general revenues. In fiscal year 2015, expenses totaled 92.7 percent of revenues, resulting in an increase in net position of \$574,342.

***Business-Type Activity***

The business-type activity involves the Career Center's adult education program. This program had revenues of \$2,472,847 and expenses of \$2,333,155 for fiscal year 2015. Charges for services decreased \$827,031 from the prior year. This decrease is a result of fewer students being enrolled in adult education classes. Expenses reflect a decrease of \$964,374 for the same period. These decreases were a result of enrollment decreases noted previously.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2015 compared to fiscal year 2014. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

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

(Table 3)  
 Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2015	2014	2015	2014
<b>Program Expenses</b>				
Instruction:				
Regular	\$998,815	\$969,927	\$998,815	\$969,927
Vocational	2,285,311	2,200,962	1,766,025	2,148,561
Adult/Continuing	730,786	477,015	58,367	46,058
Support Services:				
Pupils	188,829	185,254	53,852	46,535
Instructional Staff	341,795	287,986	261,511	218,108
Board of Education	23,110	24,924	23,110	24,924
Administration	478,440	479,165	478,440	479,165
Fiscal	353,742	358,807	353,742	358,807
Business	6,682	5,779	6,682	5,779
Operation and Maintenance of Plant	684,655	694,259	684,655	694,259
Transportation	2,081	3,550	2,081	3,550
Central	322,211	373,724	261,164	306,291
Operation of Non-Instructional Services:				
Other	603,434	525,967	0	0
Food Service Operations	182,183	197,801	5,264	12,678
Extracurricular Activities	15,443	4,264	15,443	4,264
Interest and Fiscal Charges	39,167	45,693	39,167	45,693
<b>Total</b>	<b>\$7,256,684</b>	<b>\$6,835,077</b>	<b>\$5,008,318</b>	<b>\$5,364,599</b>

As you can see, the reliance on local tax revenues and grants and entitlements not restricted to specific programs for governmental activities is crucial. Nearly 31 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 48 percent of expenses, while program revenues, investments, and other miscellaneous types of revenues supported the remaining activity costs. As you can see from Table 3, the operation of non-instructional services – other program is the only self-supporting programs, meaning that no general revenues are necessary to supplement these activities.

**The Career Center Funds**

The Career Center's governmental funds reported a combined fund balance of \$4,751,096, an increase of \$625,213 from fiscal year 2014. All governmental funds had total revenues of \$7,940,684 and expenditures of \$7,315,471.

The Career Center's major funds are accounted for using the modified accrual basis of accounting. The General Fund's \$443,726 increase in fund balance can be mainly attributed to the funding formula changing for the fiscal year and Career Center now receiving weighted funding based on enrollment instead of the fixed amount that has been in place since 2009.

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

***General Fund Budgeting Highlights***

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

During the course of fiscal 2015, the Career Center amended its General Fund budget, but not significantly. The Career Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, budget basis revenue was \$6,047,600, \$109,599 above final estimates of \$5,938,001. Original estimated revenues equaled final estimated revenues. Expenditures of \$5,688,946 were lower than final appropriations of \$5,895,955 due to various factors, but primarily due to weighted funding estimates being understated early in the fiscal year and staff retirements occurring in May instead of June and benefits ending earlier. Final appropriations were increased \$30,029 over original appropriations due to an increase in expenditures for paving and driveway improvement projects.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2015, the Career Center had \$7,751,459 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2015 balances compared to 2014.

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

	Governmental Activities		Business-Type Activity		Total	
	2015	2014	2015	2014	2015	2014
Land	\$48,000	\$48,000	\$0	\$0	\$48,000	\$48,000
Buildings and Improvements	5,656,833	5,785,352	623,395	597,148	6,280,228	6,382,500
Furniture and Equipment	906,717	964,055	273,576	307,347	1,180,293	1,271,402
Vehicles	46,235	48,225	571	1,332	46,806	49,557
<b>Totals</b>	<b>\$6,657,785</b>	<b>\$6,845,632</b>	<b>\$897,542</b>	<b>\$905,827</b>	<b>\$7,555,327</b>	<b>\$7,751,459</b>

During fiscal year 2015, the Career Center purchased a salvaged van to repair and place into service, a ventilation system for the welding lab, security cameras for the campus, and new computers for the computer graphics department from governmental funds. Under the business-type activity, the Career Center replaced two welders in the welding program. See Note 11 to the basic financial statements for more information on capital assets.

***Debt***

Comparisons of debt outstanding for each fiscal year end follows. See Notes 16 and 17 to the basic financial statements for more information on debt. The net pension liability under GASB 68 is also reported as a long-term obligation that has been previously discussed within this management's discussion and analysis.

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

(Table 5)  
 Outstanding Debt, at Fiscal Year End

	Governmental Activities		Business-Type Activity	
	2015	2014	2015	2014
Notes	\$110,000	\$160,000	\$0	\$0
Bonds	1,225,000	1,225,000	0	0
Capital Leases	676,292	761,132	2,784	4,167
<b>Total</b>	<b>\$2,011,292</b>	<b>\$2,146,132</b>	<b>\$2,784</b>	<b>\$4,167</b>

**Current Issues**

The Career Center has achieved a large measure of financial stability over the last several fiscal years and continues to have surplus balances through fiscal year 2018. Administrators and staff are cognizant our vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance of the two. The Treasurer continues to monitor revenues and expenditures to ascertain that actual revenues meet or exceed estimated, and that actual expenditures do not exceed estimated.

In June 2015, the Governor signed HB 64 "Budget Bill". This bill much like HB59 signed in June 2013 that states that funding for Joint Vocational School Districts will be calculated using ADM estimates and valuation projections provided by the Departments of Education and Taxations. During fiscal years 2014 and 2015, the Career Center received the maximum allowed due to our enrollment increases. In fiscal year 2016, our enrollment is expected to level off, resulting in our funding being placed on the guarantee and not experiencing any additional revenue.

In fiscal year 2014, the Career Center experienced the highest enrollment at 493 students and it is slowly decreasing each fiscal year. During fiscal year 2015, the Career Center had 444 and the Career Center is estimating 435 students for the next fiscal year. Our administration is working hard with our partner schools to make sure quality programs are offered and to recruit and retain students for the years to come.

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

**Contacting the Career Center's Financial Management**

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

**Washington County Career Center, Ohio**

*Statement of Net Position*

June 30, 2015

	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$4,360,132	\$1,519,128	\$5,879,260
Investments with Fiscal Agents	603,523	0	603,523
Inventory Held for Resale	1,291	0	1,291
Materials and Supplies Inventory	15,786	68,553	84,339
Intergovernmental Receivable	220,668	34,069	254,737
Prepaid Items	3,514	0	3,514
Accounts Receivable	4,377	93,421	97,798
Property Taxes Receivable	2,375,158	0	2,375,158
Nondepreciable Capital Assets	48,000	0	48,000
Depreciable Capital Assets, Net	6,609,785	897,542	7,507,327
<i>Total Assets</i>	<u>14,242,234</u>	<u>2,612,713</u>	<u>16,854,947</u>
<b>Deferred Outflows of Resources</b>			
Pension	455,489	223,729	679,218
<b>Liabilities</b>			
Accounts Payable	85,988	12,096	98,084
Accrued Wages and Benefits Payable	370,794	44,543	415,337
Vacation Benefits Payable	60,228	18,545	78,773
Accrued Interest Payable	1,914	28	1,942
Intergovernmental Payable	68,461	15,610	84,071
Long-Term Liabilities:			
Due Within One Year	144,613	31,003	175,616
Due In More Than One Year:			
Net Pension Liability (See Note 14)	6,175,419	3,066,540	9,241,959
Other Amounts Due in More Than One Year	2,350,785	55,013	2,405,798
<i>Total Liabilities</i>	<u>9,258,202</u>	<u>3,243,378</u>	<u>12,501,580</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,249,239	0	2,249,239
Pension	1,115,765	556,646	1,672,411
<i>Total Deferred Inflows of Resources</i>	<u>3,365,004</u>	<u>556,646</u>	<u>3,921,650</u>
<b>Net Position</b>			
Net Investment in Capital Assets	4,646,493	894,758	5,541,251
Restricted for:			
Unclaimed Monies	11	0	11
Debt Service	545,992	0	545,992
Capital Projects	1,800	0	1,800
Food Service	7,726	0	7,726
State Programs	27,296	0	27,296
Federal Programs	188,219	0	188,219
Budget Stabilization	28,932	0	28,932
Unrestricted (Deficits)	<u>(3,371,952)</u>	<u>(1,858,340)</u>	<u>(5,230,292)</u>
<i>Total Net Position</i>	<u>\$2,074,517</u>	<u>(\$963,582)</u>	<u>\$1,110,935</u>

See accompanying notes to the basic financial statements.

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

	Program Revenues			Net (Expense)Revenue and Changes in Net Position			
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Contributions	Governmental Activities	Business-Type Activity	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$998,815	\$0	\$0	\$0	(\$998,815)	\$0	(\$998,815)
Vocational	2,285,311	108,662	410,624	0	(1,766,025)	0	(1,766,025)
Adult/Continuing	730,786	0	672,419	0	(58,367)	0	(58,367)
Support Services:							
Pupils	188,829	0	134,977	0	(53,852)	0	(53,852)
Instructional Staff	341,795	0	80,284	0	(261,511)	0	(261,511)
Board of Education	23,110	0	0	0	(23,110)	0	(23,110)
Administration	478,440	0	0	0	(478,440)	0	(478,440)
Fiscal	353,742	0	0	0	(353,742)	0	(353,742)
Business	6,682	0	0	0	(6,682)	0	(6,682)
Operation and							
Maintenance of Plant	684,655	0	0	0	(684,655)	0	(684,655)
Transportation	2,081	0	0	0	(2,081)	0	(2,081)
Central	322,211	0	61,047	0	(261,164)	0	(261,164)
Operation of Non-Instructional Services:							
Other	603,434	0	603,434	0	0	0	0
Food Service Operations	182,183	59,190	117,729	0	(5,264)	0	(5,264)
Extracurricular Activities	15,443	0	0	0	(15,443)	0	(15,443)
Interest and Fiscal Charges	39,167	0	0	0	(39,167)	0	(39,167)
<i>Total Governmental Activities</i>	<u>7,256,684</u>	<u>167,852</u>	<u>2,080,514</u>	<u>0</u>	<u>(5,008,318)</u>	<u>0</u>	<u>(5,008,318)</u>
<b>Business-Type Activity</b>							
Adult Education	2,333,155	2,085,050	372,122	15,675	0	139,692	139,692
<i>Totals</i>	<u>\$9,589,839</u>	<u>\$2,252,902</u>	<u>\$2,452,636</u>	<u>\$15,675</u>	<u>(5,008,318)</u>	<u>139,692</u>	<u>(4,868,626)</u>
<b>General Revenues</b>							
Property Taxes Levied for General Purposes					2,034,091	0	2,034,091
Grants and Entitlements not Restricted to Specific Programs					3,456,476	0	3,456,476
Interest					50,736	0	50,736
Miscellaneous					41,357	140,560	181,917
<i>Total General Revenues</i>					<u>5,582,660</u>	<u>140,560</u>	<u>5,723,220</u>
<i>Change in Net Position</i>					574,342	280,252	854,594
<i>Net Position (Deficit) Beginning of Year - Restated (See Note 4)</i>					<u>1,500,175</u>	<u>(1,243,834)</u>	<u>256,341</u>
<i>Net Position (Deficit) End of Year</i>					<u>\$2,074,517</u>	<u>(\$963,582)</u>	<u>\$1,110,935</u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2015*

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,954,157	\$377,032	\$4,331,189
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	28,943	0	28,943
Investments with Fiscal Agents	603,523	0	603,523
Receivables:			
Property Taxes	2,375,158	0	2,375,158
Interfund	1,884	0	1,884
Accounts	4,377	0	4,377
Intergovernmental	19,255	201,413	220,668
Prepaid Items	3,514	0	3,514
Inventory Held for Resale	0	1,291	1,291
Materials and Supplies Inventory	15,265	521	15,786
<i>Total Assets</i>	<u>\$7,006,076</u>	<u>\$580,257</u>	<u>\$7,586,333</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$25,988	\$60,000	\$85,988
Accrued Wages and Benefits Payable	339,783	31,011	370,794
Interfund Payable	0	1,884	1,884
Intergovernmental Payable	58,166	10,295	68,461
<i>Total Liabilities</i>	<u>423,937</u>	<u>103,190</u>	<u>527,127</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	2,249,239	0	2,249,239
Unavailable Revenue	58,871	0	58,871
<i>Total Deferred Inflows of Resources</i>	<u>2,308,110</u>	<u>0</u>	<u>2,308,110</u>
<b>Fund Balances</b>			
Nonspendable	18,790	521	19,311
Restricted	28,932	239,113	268,045
Committed	0	6,301	6,301
Assigned	19,806	231,132	250,938
Unassigned	4,206,501	0	4,206,501
<i>Total Fund Balances</i>	<u>4,274,029</u>	<u>477,067</u>	<u>4,751,096</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,006,076</u>	<u>\$580,257</u>	<u>\$7,586,333</u>

See accompanying notes to the basic financial statements.

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

<b>Total Governmental Fund Balances</b>		<b>\$4,751,096</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,657,785
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	46,139	
Intergovernmental Revenues	11,372	
Miscellaneous Revenues	1,360	58,871
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the Balance Sheet.		(1,914)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the Balance Sheet until due.		(60,228)
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 - Pension	455,489	
Deferred Inflows - Pension	(1,115,765)	
Net Pension Liability	(6,175,419)	(6,835,695)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Notes Payable	(110,000)	
Qualified Zone Academy Bonds	(1,225,000)	
Capital Leases Payable	(676,292)	
Sick Leave Benefits Payable	(484,106)	(2,495,398)
Net Position of Governmental Activities		<b>\$2,074,517</b>

See accompanying notes to the basic financial statements.

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

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$2,038,801	\$0	\$2,038,801
Intergovernmental	3,852,599	1,790,599	5,643,198
Interest	50,736	100	50,836
Tuition and Fees	41,937	0	41,937
Customer Services	66,725	59,190	125,915
Miscellaneous	39,936	61	39,997
<i>Total Revenues</i>	<u>6,090,734</u>	<u>1,849,950</u>	<u>7,940,684</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	1,025,017	0	1,025,017
Vocational	2,230,265	14,879	2,245,144
Adult/Continuing	0	644,479	644,479
Support Services:			
Pupils	41,757	150,281	192,038
Instructional Staff	250,361	89,067	339,428
Board of Education	23,110	0	23,110
Administration	475,789	0	475,789
Fiscal	347,793	0	347,793
Business	5,657	0	5,657
Operation and Maintenance of Plant	625,301	0	625,301
Transportation	2,081	0	2,081
Central	282,499	57,537	340,036
Operation of Non-Instructional Services	0	782,220	782,220
Extracurricular Activities	15,203	0	15,203
Capital Outlay	77,937	0	77,937
Debt Service:			
Principal Retirement	134,840	0	134,840
Interest and Fiscal Charges	39,398	0	39,398
<i>Total Expenditures</i>	<u>5,577,008</u>	<u>1,738,463</u>	<u>7,315,471</u>
<i>Excess of Revenues Over Expenditures</i>	<u>513,726</u>	<u>111,487</u>	<u>625,213</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	70,000	70,000
Transfers Out	(70,000)	0	(70,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(70,000)</u>	<u>70,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	443,726	181,487	625,213
<i>Fund Balances Beginning of Year</i>	<u>3,830,303</u>	<u>295,580</u>	<u>4,125,883</u>
<i>Fund Balances End of Year</i>	<u>\$4,274,029</u>	<u>\$477,067</u>	<u>\$4,751,096</u>

See accompanying notes to the basic financial statements.

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

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$625,213</b>
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays:		
Capital Asset Additions	210,952	
Depreciation Expense	<u>(386,843)</u>	(175,891)
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.		
		(11,956)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	(106,308)	
Miscellaneous Revenues	1,360	
Delinquent Property Taxes	<u>(4,710)</u>	(109,658)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		134,840
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities.		
		231
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		397,350
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(262,408)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Vacation Benefits Payable	(6,806)	
Sick Leave Benefits Payable	<u>(16,573)</u>	<u>(23,379)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$574,342</u></u>

See accompanying notes to the basic financial statements.

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$2,042,919	\$2,042,919	\$2,034,385	(\$8,534)
Intergovernmental	3,744,373	3,744,373	3,852,599	108,226
Interest	24,000	24,000	30,308	6,308
Tuition and Fees	46,201	46,201	41,937	(4,264)
Customer Services	68,800	68,800	66,725	(2,075)
Miscellaneous	11,708	11,708	21,646	9,938
<i>Total Revenues</i>	<u>5,938,001</u>	<u>5,938,001</u>	<u>6,047,600</u>	<u>109,599</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	1,065,643	1,065,643	1,037,941	27,702
Vocational	2,256,914	2,259,883	2,211,645	48,238
Support Services:				
Pupils	73,504	73,504	41,913	31,591
Instructional Staff	289,920	289,920	260,982	28,938
Board of Education	26,282	26,282	23,149	3,133
Administration	474,524	474,524	478,783	(4,259)
Fiscal	366,235	366,264	349,115	17,149
Business	6,824	6,824	5,819	1,005
Operation and Maintenance of Plant	649,886	674,886	655,634	19,252
Transportation	7,000	7,000	2,081	4,919
Central	321,474	325,475	286,257	39,218
Extracurricular Activities	15,998	15,998	15,203	795
Capital Outlay	69,235	67,265	77,937	(10,672)
Debt Service:				
Principal	203,089	203,089	203,089	0
Interest and Fiscal Charges	39,398	39,398	39,398	0
<i>Total Expenditures</i>	<u>5,865,926</u>	<u>5,895,955</u>	<u>5,688,946</u>	<u>207,009</u>
<i>Excess of Revenues Over Expenditures</i>	<u>72,075</u>	<u>42,046</u>	<u>358,654</u>	<u>316,608</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	10,000	10,000	0	(10,000)
Refund of Prior Year Expenditures	12,500	12,500	16,096	3,596
Refund of Prior Year Receipts	(2,000)	(2,000)	0	2,000
Other Financing Uses	(40,000)	(40,000)	0	40,000
Transfers Out	(42,000)	(42,000)	(70,000)	(28,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(61,500)</u>	<u>(61,500)</u>	<u>(53,904)</u>	<u>7,596</u>
<i>Net Change in Fund Balance</i>	10,575	(19,454)	304,750	324,204
<i>Fund Balance Beginning of Year</i>	3,578,736	3,578,736	3,578,736	0
Prior Year Encumbrances Appropriated	75,346	75,346	75,346	0
<i>Fund Balance End of Year</i>	<u>\$3,664,657</u>	<u>\$3,634,628</u>	<u>\$3,958,832</u>	<u>\$324,204</u>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio

Statement of Fund Net Position

Enterprise Fund

June 30, 2015

	Business-Type Activity
	Adult Education Fund
<b>Assets</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,519,128
Materials and Supplies Inventory	68,553
Intergovernmental Receivable	34,069
Accounts Receivable	93,421
<i>Total Current Assets</i>	<u>1,715,171</u>
Noncurrent Assets:	
Depreciable Capital Assets, net	<u>897,542</u>
<i>Total Assets</i>	<u>2,612,713</u>
<b>Deferred Outflows of Resources</b>	
Pension	<u>223,729</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	12,096
Accrued Wages and Benefits Payable	44,543
Accrued Interest Payable	28
Intergovernmental Payable	15,610
Vacation Benefits Payable	18,545
Capital Leases Payable	1,846
Sick Leave Benefits Payable	29,157
<i>Total Current Liabilities</i>	<u>121,825</u>
Long-term Liabilities:	
Capital Leases Payable	938
Sick Leave Benefits Payable	54,075
Net Pension Liability	3,066,540
<i>Total Long-term Liabilities</i>	<u>3,121,553</u>
<i>Total Liabilities</i>	<u>3,243,378</u>
<b>Deferred Inflows of Resources</b>	
Pension	<u>556,646</u>
<b>Net Position</b>	
Net Investment in Capital Assets	894,758
Unrestricted (Deficit)	<u>(1,858,340)</u>
<i>Total Net Position</i>	<u><u>(\$963,582)</u></u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Enterprise Fund  
For the Fiscal Year Ended June 30, 2015*

	Business-Type Activity
	Adult Education Fund
<b>Operating Revenues</b>	
Tuition	\$2,085,050
Other	140,560
	<u>2,225,610</u>
<i>Total Operating Revenues</i>	<i>2,225,610</i>
<b>Operating Expenses</b>	
Salaries	1,223,635
Fringe Benefits	353,036
Purchased Services	308,095
Materials and Supplies	332,949
Depreciation	87,084
Other	27,930
	<u>2,332,729</u>
<i>Total Operating Expenses</i>	<i>2,332,729</i>
<i>Operating Loss</i>	<i>(107,119)</i>
<b>Non-Operating Revenues (Expenses)</b>	
Interest and Fiscal Charges	(426)
Federal and State Subsidies	372,122
	<u>371,696</u>
<i>Total Non-Operating Revenues (Expenses)</i>	<i>371,696</i>
Income before Contributions	264,577
Capital Contributions	15,675
	<u>280,252</u>
<i>Net Change in Net Position</i>	<i>280,252</i>
<i>Net Position (Deficit) Beginning of Year - Restated (See Note 4)</i>	<i>(1,243,834)</i>
	<u>(1,243,834)</u>
<i>Net Position (Deficit) End of Year</i>	<i>(\$963,582)</i>
	<u>(\$963,582)</u>

See accompanying notes to the basic financial statements.

Washington County Career Center, Ohio

Statement of Cash Flows

Enterprise Fund

For the Fiscal Year Ended June 30, 2015

	Business-Type Activity
	Adult Education Fund
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$2,242,969
Cash Received from Other Operating Revenues	140,560
Cash Payments for Other Operating Expenses	(27,573)
Cash Payments to Suppliers for Goods and Services	(654,995)
Cash Payments for Employee Services	(1,239,753)
Cash Payments for Employee Benefits	(421,019)
Net Cash Provided by Operating Activities	40,189
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	410,319
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	(63,124)
Principal Paid on Capital Lease	(1,383)
Interest Paid on Capital Lease	(398)
Net Cash Used for Capital and Related Financing Activities	(64,905)
<i>Net Increase in Cash and Cash Equivalents</i>	385,603
<i>Cash and Cash Equivalents at Beginning of Year</i>	1,133,525
<i>Cash and Cash Equivalents at End of Year</i>	\$1,519,128
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>	
Operating Loss	(\$107,119)
Depreciation	87,084
Changes in Assets and Liabilities:	
Increase in Materials and Supplies Inventory	(3,588)
Increase in Accounts Receivable	(37,910)
Decrease in Intergovernmental Receivable	190,017
Increase in Deferred Outflows - Pension	(8,351)
Decrease in Accounts Payable	(4,546)
Decrease in Accrued Wages and Benefits Payable	(1,722)
Decrease in Intergovernmental Payable	(976)
Decrease in Matured Compensated Absences Payable	(105)
Decrease in Matured Vacation Leave Payable	(644)
Decrease in Vacation Benefits Payable	(1,554)
Decrease in Sick Leave Benefits Payable	(12,093)
Decrease in Deferred Inflows - Pension	(139,161)
Increase in Net Pension Liability	80,857
Net Cash Provided by Operating Activities	\$40,189

**Noncash Capital Financing Activities**

During 2015, the Career Center received capital contributions of \$15,675.

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Statement of Assets and Liabilities*

*Agency Fund*

*June 30, 2015*

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	<u>Student Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$56,761</u>
<b>Liabilities</b>	
Due to Students	<u>\$56,761</u>

See accompanying notes to the basic financial statements.

**Washington County Career Center, Ohio**

*Statement of Changes in Net Position*

*Private Purpose Trust Fund*

*For the Fiscal Year Ended June 30, 2015*

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	Private Purpose Trust <u>Scholarship Fund</u>
<b>Additions</b>	
Contributions	\$3,187
<b>Deductions</b>	
Scholarships	<u>3,187</u>
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

## Washington County Career Center, Ohio

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

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### **Note 1 - Description of the Career Center and Reporting Entity**

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

The Career Center was formed in 1967. The buildings are located on a 173.82 acre site and were opened for instruction in 1972. It is staffed by 19 classified employees and 34 certificated employees who provide services to 444 Washington County juniors and seniors, as well as to adult students through the adult education department evening classes and customized training for business and industry.

#### *Reporting Entity*

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

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

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

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

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

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

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

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

### **B. Fund Accounting**

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

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

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

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

**Fiduciary Fund Type** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for a program that assists students with expenses related to their education. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for student activities.

### **C. Measurement Focus**

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

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

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***D. Basis of Accounting***

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Career Center, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes delinquent property taxes, intergovernmental grants, revenue in lieu of taxes, student fees, and accrued interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 14).

***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.

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

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

### ***E. Cash and Cash Equivalents***

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

The Career Center's investments during fiscal year 2015 were the State Treasury Asset Reserve of Ohio (STAR Ohio) and money market mutual funds. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2015 amounted to \$50,736, which includes \$29,876 assigned from other Career Center funds.

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

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

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

***G. Inventory***

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

***H. Capital Assets***

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

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

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

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

***I. Interfund Balances***

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

## **Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***J. Restricted Assets***

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

### ***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "vacation benefits payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year in which the benefit was earned.

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

### ***L. Accrued Liabilities and Long-term Obligations***

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

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

### ***M. Internal Activity***

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

## Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

### ***N. Fund Balance***

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

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

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

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

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a Career Center official delegated that authority by resolution or State statute.

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

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

## Washington County Career Center, Ohio

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

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### ***O. Net Position***

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

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

### ***P. Operating Revenues and Expenses***

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

### ***Q. Extraordinary and Special Item***

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

### ***R. Estimates***

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

### ***S. Budgetary Process***

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

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

**Washington County Career Center, Ohio**

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

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

**Note 3 - Fund Balances**

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

Fund Balances	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$3,514	\$0	\$3,514
Materials and Supplies Inventory	15,265	521	15,786
Unclaimed Monies	11	0	11
<i>Total Nonspendable</i>	<u>18,790</u>	<u>521</u>	<u>19,311</u>
Restricted for:			
State Grant Expenditures	0	29,096	29,096
Federal Grant Expenditures	0	7,941	7,941
Food Service Operations	0	13,857	13,857
Job Training	0	188,219	188,219
Budget Stabilization	28,932	0	28,932
<i>Total Restricted</i>	<u>28,932</u>	<u>239,113</u>	<u>268,045</u>
Committed to:			
Scholarships	0	6,301	6,301
Assigned to:			
Capital Improvements	0	231,132	231,132
Scholarships	6,532	0	6,532
Purchases on Order	13,274	0	13,274
<i>Total Assigned</i>	<u>19,806</u>	<u>231,132</u>	<u>250,938</u>
Unassigned:	4,206,501	0	4,206,501
<i>Total Fund Balances</i>	<u>\$4,274,029</u>	<u>\$477,067</u>	<u>\$4,751,096</u>

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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**Note 4 - Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2015, the Career Center implemented the 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." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

	Governmental Activities	Business-Type Activities
Net position June 30, 2014	\$8,470,812	\$2,222,278
Adjustments:		
Net Pension Liability	(7,337,081)	(3,645,235)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>366,444</u>	<u>179,123</u>
Restated Net Position June 30, 2014	<u>\$1,500,175</u>	<u>(\$1,243,834)</u>

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

**Note 5 - Budgetary Basis of Accounting**

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

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

**Washington County Career Center, Ohio**

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

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

Net Change in Fund Balance

GAAP Basis	\$443,726
Net Adjustment for:	
Revenue Accruals	(26,613)
Expenditure Accruals	(89,422)
Unreported Items:	
Beginning of Fiscal Year	2,325
End of Fiscal Year	(2,750)
Prepaid Items:	
Beginning of Fiscal Year	2,400
End of Fiscal Year	(3,514)
To reclassify excess of revenues over expenditures into financial statement fund types	2,000
Encumbrances	(23,402)
Budget Basis	<u><u>\$304,750</u></u>

**Note 6 - Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

## Washington County Career Center, Ohio

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,504,663 of the Career Center's bank balance of \$6,004,663 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirement could potentially subject the Career Center to a successful claim by the FDIC.

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

**Investments** As of June 30, 2015, the Career Center had the following investments: STAROhio which is part of the internal investment pool and money market mutual funds held by a fiscal agent in an escrow account that is restricted for the payment of debt.

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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	Fair Value	Maturity	Rating	Rating Agency
Money Market Mutual Funds	\$603,523	N/A	Aa1	Moody's
STAR Ohio	4,839	Average - 53.4 Days	AAAm	S&P
Total	<u>\$608,362</u>			

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

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

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center has no investment policy dealing with investment custodial credit risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Note 7 - Property Taxes**

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

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

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

**Washington County Career Center, Ohio**

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

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

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

The amount available as an advance at June 30, 2015, was \$79,780 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2014, was \$75,364.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2014 Second- Half Collections		2015 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$1,072,071,510	83.12%	\$1,080,070,790	83.47%
Public Utility Personal	217,752,360	16.88%	213,828,400	16.53%
Total	<u>\$1,289,823,870</u>	<u>100.00%</u>	<u>\$1,293,899,190</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$1.80		\$1.80	

**Note 8 - Interfund Activity**

The Healthy Eating Grant Special Revenue Fund owes the General Fund \$1,884 at fiscal year end. This will be repaid once the grant monies are received.

The Career Center transferred from the General Fund \$50,000 to the Permanent Improvement Capital Projects Fund and \$20,000 to the Food Service Special Revenue Fund. Interfund transfers are used to move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

**Washington County Career Center, Ohio**

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

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**Note 9 - Significant Commitments**

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

<b>Governmental Activities:</b>	
General Fund	\$23,402
Other Governmental Funds	<u>8,756</u>
Total Governmental Funds	<u>32,158</u>
<b>Business-Type Activity:</b>	
Adult Education Enterprise Fund	<u>30,434</u>
Total	<u>\$62,592</u>

**Note 10 - Receivables**

Receivables at June 30, 2015, consisted of property taxes, accounts, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$46,139 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities:</b>	
HB-1 Technical Skills Training Grant	\$168,256
Carl Perkins Secondary	24,351
Adult Basic Literacy Education Grant	6,922
Summer Youth Employment	4,683
Community College Reimbursements	3,200
Foundation Adjustments	11,372
Healthy Eating Grant	<u>1,884</u>
Total Governmental Activities	220,668
<b>Business-Type Activity:</b>	
Tuition	<u>34,069</u>
Total	<u>\$254,737</u>

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

**Note 11 - Capital Assets**

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

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2015</u>
<b>Governmental Activities:</b>				
Capital Assets:				
Capital Assets not being depreciated:				
Land	<u>\$48,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$48,000</u>
Depreciable Capital Assets:				
Buildings and Improvements	8,174,116	40,027	0	8,214,143
Furniture and Equipment	3,757,341	163,532	(51,793)	3,869,080
Vehicles	<u>104,158</u>	<u>7,393</u>	<u>0</u>	<u>111,551</u>
Total Capital Assets being Depreciated	<u>12,035,615</u>	<u>210,952</u>	<u>(51,793)</u>	<u>12,194,774</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,388,764)	(168,546)	0	(2,557,310)
Furniture and Equipment	(2,793,286)	(208,914)	39,837	(2,962,363)
Vehicles	<u>(55,933)</u>	<u>(9,383)</u>	<u>0</u>	<u>(65,316)</u>
Total Accumulated Depreciation	<u>(5,237,983)</u>	<u>(386,843) *</u>	<u>39,837</u>	<u>(5,584,989)</u>
Total Capital Assets being Depreciated, Net	<u>6,797,632</u>	<u>(175,891)</u>	<u>(11,956)</u>	<u>6,609,785</u>
Governmental Activities Capital Assets, Net	<u>\$6,845,632</u>	<u>(\$175,891)</u>	<u>(\$11,956)</u>	<u>\$6,657,785</u>

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

Instruction:	
Regular	\$31,651
Vocational	144,212
Adult/Continuing	90,844
Support Services:	
Pupils	4,631
Instructional Staff	6,228
Administration	13,596
Fiscal	12,363
Business	1,025
Operation and Maintenance of Plant	32,769
Central	45,554
Food Service	3,730
Extracurricular Activities	<u>240</u>
Total Depreciation Expense	<u>\$386,843</u>

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

	Balance 6/30/2014	Additions	Deductions	Balance 6/30/2015
<b>Business-Type Activity:</b>				
Capital Assets:				
Buildings and Improvements	709,940	55,675	0	765,615
Furniture and Equipment	747,539	23,124	(1,280)	769,383
Vehicles	22,610	0	0	22,610
<b>Total Capital Assets</b>	<b>1,480,089</b>	<b>78,799</b>	<b>(1,280)</b>	<b>1,557,608</b>
Less Accumulated Depreciation				
Buildings and Improvements	(112,792)	(29,428)	0	(142,220)
Furniture and Equipment	(440,192)	(56,895)	1,280	(495,807)
Vehicles	(21,278)	(761)	0	(22,039)
<b>Total Accumulated Depreciation</b>	<b>(574,262)</b>	<b>(87,084)</b>	<b>1,280</b>	<b>(660,066)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>905,827</b>	<b>(8,285)</b>	<b>0</b>	<b>897,542</b>
<b>Business-Type Activity Capital Assets, Net</b>	<b>\$905,827</b>	<b>(\$8,285)</b>	<b>\$0</b>	<b>\$897,542</b>

### Note 12 - Risk Management

#### A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2015, the Career Center contracted with the following insurance company for coverage:

Ohio School Plan. through Schwendeman Agency Inc:	
Automobile Liability	\$1,000,000
Comprehensive (\$250 deductible)	
Collisions (\$500 deductible)	
Building and Contents - replacement cost (\$1,000 deductible)	30,489,432
Equipment Breakdown (\$1,000 deductible)	30,489,432
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Crime (\$1,000 Deductible):	
Theft / Forgery or Alteration / Computer Fraud	100,000
Fiduciary Liability (\$2,500 Deductible):	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Each Employee	1,000,000
Educational Legal Liability (\$2,500 Deductible):	
Errors and Omissions/Aggregate	1,000,000/3,000,000
Employment Practices/Aggregate	1,000,000/3,000,000

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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### ***B. Workers' Compensation***

For fiscal year 2015, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

### **Note 13 - Employee Benefits**

#### ***A. Compensated Absences***

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

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

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

#### ***B. Insurance***

The Career Center provides medical/surgical insurance through Ohio School Benefits Cooperation for all eligible employees. The Career Center pays between 80 to 95 percent of the cost of both the individual plans and the monthly family coverage premiums, depending on the plan selected by the employee. Premiums are paid from the same funds that pay the employees' salaries.

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

### **Note 14 - Defined Benefit Pension Plans**

#### ***A. Net Pension Liability***

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

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Career Center’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 Career Center’s obligation for this liability to annually required payments. The Career Center cannot control benefit terms or the manner in which pensions are financed; however, the Career Center 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 – Career Center 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.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 Career Center's contractually required contribution to SERS was \$136,129 for fiscal year 2015. Of this amount \$3,898 is reported as an intergovernmental payable.

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

Plan Description – Career Center 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 years 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.

## Washington County Career Center, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Career Center 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 Career Center's contractually required contribution to STRS was \$455,953 for fiscal year 2015. Of this amount \$41,676 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,646,932	\$7,595,027	\$9,241,959
Proportion of the Net Pension Liability	0.032542%	0.03122511%	
Pension Expense	\$96,006	\$294,479	\$390,485

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$14,017	\$73,119	\$87,136
Career Center contributions subsequent to the measurement date	<u>136,129</u>	<u>455,953</u>	<u>592,082</u>
Total Deferred Outflows of Resources	<u>\$150,146</u>	<u>\$529,072</u>	<u>\$679,218</u>
 <b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$267,302</u>	<u>\$1,405,109</u>	<u>\$1,672,411</u>

\$592,082 reported as deferred outflows of resources related to pension resulting from Career Center 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:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	(\$63,286)	(\$332,998)	(\$396,284)
2017	(63,286)	(332,997)	(396,283)
2018	(63,286)	(332,998)	(396,284)
2019	<u>(63,427)</u>	<u>(332,997)</u>	<u>(396,424)</u>
Total	<u>(\$253,285)</u>	<u>(\$1,331,990)</u>	<u>(\$1,585,275)</u>

***Actuarial Assumptions - SERS***

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

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

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

## Washington County Career Center, Ohio

### Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2015

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
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.

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

***Sensitivity of the Career Center'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%)
Career Center's proportionate share of the net pension liability	\$2,349,683	\$1,646,932	\$1,055,858

***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:

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

**Washington County Career Center, Ohio**

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

**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 Career Center’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Career Center’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 Career Center’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%)
Career Center's proportionate share of the net pension liability	\$10,873,110	\$7,595,027	\$4,822,873

**B. Social Security System**

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

**Note 15 - Postemployment Benefits**

**A. School Employees Retirement System**

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS’ Retirement Board reserves the right to change or discontinue any health plan or program.

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the Career Center's surcharge obligation was \$17,929.

The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$8,469, \$13,442, and \$13,600, respectively. For fiscal year 2015, 94.14 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

### ***B. State Teachers Retirement System***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013, were \$0, \$31,273, and \$31,326 respectively. The full amount has been contributed for fiscal years 2015, 2014, and 2013.

**Washington County Career Center, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

**Note 16 - Long-Term Obligations**

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

	Principal Outstanding 6/30/14	Additions	Reductions	Principal Outstanding 6/30/15	Amounts Due in One Year
<b>Governmental Activities:</b>					
Energy Conservation Notes - 2.0%-5.9%					
July 23, 2002, \$615,000	160,000	\$0	\$50,000	\$110,000	\$55,000
Qualified Zone Academy Bonds - 0%					
July 1, 2007, \$1,225,000	1,225,000	0	0	1,225,000	0
Capital Leases	761,132	0	84,840	676,292	89,613
Net Pension Liability:					
STRS	5,954,480	0	955,729	4,998,751	0
SERS	1,382,601	0	205,933	1,176,668	0
Total Net Pension Liability	7,337,081	0	1,161,662	6,175,419	0
Sick Leave Benefits	467,533	70,129	53,556	484,106	0
Total Governmental Activities	<u>\$9,950,746</u>	<u>\$70,129</u>	<u>\$1,350,058</u>	<u>\$8,670,817</u>	<u>\$144,613</u>
<b>Business-Type Activity:</b>					
Capital Leases	\$4,167	\$0	\$1,383	\$2,784	\$1,846
Net Pension Liability:					
STRS	3,092,667	0	496,391	2,596,276	0
SERS	552,568	0	82,304	470,264	0
Total Net Pension Liability	3,645,235	0	578,695	3,066,540	0
Sick Leave Benefits	95,325	12,584	24,677	83,232	29,157
Total Business-Type Activities	<u>\$3,744,727</u>	<u>\$12,584</u>	<u>\$604,755</u>	<u>\$3,152,556</u>	<u>\$31,003</u>

Capital leases will be paid from the General Fund and Adult Education Enterprise Fund. Sick leave benefits will be paid from the General Fund, the Food Service and Miscellaneous Federal Grants Special Revenue Funds, and Adult Education Enterprise Fund. The Career Center pays obligations related to employee compensation from the fund benefitting from their service.

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

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

The overall debt margin of the Career Center as of June 30, 2015, was \$116,415,984 with an unvoted debt margin of \$1,293,511.

Principal and interest requirements to retire the energy conservation notes outstanding at June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	\$55,000	\$4,867	\$59,867
2017	55,000	1,623	56,623
Total	<u>\$110,000</u>	<u>\$6,490</u>	<u>\$116,490</u>

### Note 17 - Capital Leases - Lessee Disclosure

In prior years, the Career Center entered into agreements to lease office equipment and heating and cooling systems upgrades. Such agreements are, in substance, lease purchases and are reflected as capital lease obligations in the financial statements. Capital lease payments are reflected as debt service expenditures in the financial statements for the Governmental Funds for \$84,840. The capital lease obligations represent the present value of the net future minimum lease payments on all capital leases.

	Governmental Activities	Business-Type Activity
Buildings and Improvements	\$1,470,246	\$0
Furniture and Equipment	18,370	6,123
Total Property under Capital Lease	1,488,616	6,123
Less Accumulated Depreciation	(425,749)	(2,928)
Total June 30, 2015	<u>\$1,062,867</u>	<u>\$3,195</u>

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

Fiscal Year	Governmental Activities		Business-Type Activity		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$89,613	\$27,632	\$1,846	\$259	\$91,459	\$27,891
2017	90,412	23,432	938	34	91,350	23,466
2018	91,271	19,658	0	0	91,271	19,658
2019	95,099	15,831	0	0	95,099	15,831
2020	99,086	11,843	0	0	99,086	11,843
2021-2022	210,811	11,048	0	0	210,811	11,048
Total	<u>\$676,292</u>	<u>\$109,444</u>	<u>\$2,784</u>	<u>\$293</u>	<u>\$679,076</u>	<u>\$109,737</u>

### Note 18 - Jointly Governed Organizations

#### A. Southeastern Ohio Voluntary Education Cooperative (SEOVEC)

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

## Washington County Career Center, Ohio

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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SEOVEC has 27 participants consisting of school districts in eight southeastern Ohio counties. SEOVEC is governed by a governing board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. During fiscal year 2015, the Career Center paid \$39,366 to SEOVEC. To obtain financial information, write to the Southeastern Ohio Voluntary Education Cooperative at 221 North Columbus Road, Athens, Ohio 45701.

### ***B. Coalition of Rural and Appalachian Schools***

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. The Career Center's membership fee was \$0 for fiscal year 2015. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

### **Note 19 - Insurance Purchasing Pool**

#### ***Ohio School Boards Association Workers' Compensation Group Rating Plan***

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

### **Note 20 - Contingencies**

#### ***A. Grants***

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

#### ***B. Litigation***

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

**Washington County Career Center, Ohio**

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

**C. School Foundation**

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

**Note 21 - Set-Asides**

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2015, this continues to be set aside.

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

	Capital Improvements	Budget Stabilization
Set-aside Balance as of June 30, 2013	\$0	\$28,932
Current Year Set-aside Requirement	85,000	0
Offsetting Credits	(50,000)	0
Qualifying Disbursements	(70,000)	0
Total	<u>(\$35,000)</u>	<u>\$28,932</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>	<u>\$28,932</u>

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

**Washington County Career Center, Ohio**  
*Required Supplementary Information*  
*Schedule of the Career Center's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	2014	2013
Career Center's Proportion of the Net Pension Liability	0.032542%	0.032542%
Career Center's Proportionate Share of the Net Pension Liability	\$1,646,932	\$1,935,169
Career Center's Covered-Employee Payroll	\$944,863	\$871,954
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.30%	221.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

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

**Washington County Career Center, Ohio**  
*Required Supplementary Information*  
*Schedule of the Career Center's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

	<u>2014</u>	<u>2013</u>
Career Center's Proportion of the Net Pension Liability	0.03122511%	0.03122511%
Career Center's Proportionate Share of the Net Pension Liability	\$7,595,027	\$9,047,147
Career Center's Covered-Employee Payroll	\$3,189,300	\$3,353,531
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	238.14%	269.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

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

**Washington County Career Center, Ohio**  
*Required Supplementary Information*  
*Schedule of the Career Center Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$136,129	\$130,958	\$120,678	\$114,698
Contributions in Relation to the Contractually Required Contribution	<u>(136,129)</u>	<u>(130,958)</u>	<u>(120,678)</u>	<u>(114,698)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$1,032,845	\$944,863	\$871,954	\$852,772
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
\$101,323	\$111,845	\$75,574	\$75,673	\$71,901	\$70,821
(101,323)	(111,845)	(75,574)	(75,673)	(71,901)	(70,821)
\$0	\$0	\$0	\$0	\$0	\$0
\$806,071	\$826,033	\$768,031	\$770,600	\$673,230	\$669,386
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Washington County Career Center, Ohio**  
*Required Supplementary Information*  
*Schedule of the Career Center Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$455,953	\$414,609	\$435,959	\$480,773
Contributions in Relation to the Contractually Required Contribution	<u>(455,953)</u>	<u>(414,609)</u>	<u>(435,959)</u>	<u>(480,773)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$3,256,807	\$3,189,300	\$3,353,531	\$3,698,254
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
\$469,839	\$450,686	\$420,739	\$432,120	\$431,374	\$421,637
(469,839)	(450,686)	(420,739)	(432,120)	(431,374)	(421,637)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,614,146	\$3,466,815	\$3,236,454	\$3,324,000	\$3,318,262	\$3,243,362
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY

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

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2014/2015	10.555	\$ 11,696	\$ 11,696
Cash Assistance:				
School Breakfast Program	2014/2015	10.553	31,649	31,649
National School Lunch Program	2014/2015	10.555	72,159	72,159
Cash Assistance Subtotal			<u>103,808</u>	<u>103,808</u>
Total Child Nutrition Cluster			<u>115,504</u>	<u>115,504</u>
Total U.S. Department of Agriculture			115,504	115,504
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
<i>Passed through the Ohio Board of Regents:</i>				
H-1B Job Training Grants	2015	17.268	<u>573,467</u>	<u>488,445</u>
Total U.S. Department of Labor			573,467	488,445
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Direct from Federal Government:</i>				
Federal Pell Grant Program	2015	84.063	605,188	605,188
<i>Passed Through Ohio Department of Education:</i>				
Adult Education - Basic Grants to State	2015	84.002	68,078	66,964
Rural Education	2015	84.358	40,490	40,490
Career and Technical Education - Basic Grants to States	2014	84.048	27,355	27,355
	2015		<u>234,764</u>	<u>234,764</u>
Total Career and Technical Education - Basic Grants to States			262,119	262,119
Improving Teacher Quality State Grants	2015	84.367	<u>2,253</u>	<u>2,253</u>
Total U.S. Department of Education			<u>978,128</u>	<u>977,014</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 1,667,099</u></b>	<b><u>\$ 1,580,963</u></b>

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

**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Washington County Career Center, Washington County, Ohio (the Career Center), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements, and have issued our report thereon dated December 23, 2015.

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

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

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

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

### ***Compliance and Other Matters***

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

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

***Purpose of this Report***

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



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

December

23,

2015



# Dave Yost • Auditor of State

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

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

To the Board of Education:

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

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

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

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

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

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

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

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

In our opinion, the Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the year ended June 30, 2015.

**Report on Internal Control Over Compliance**

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

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

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

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



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

December 23, 2015

**WASHINGTON COUNTY CAREER CENTER  
WASHINGTON COUNTY**

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> <li>• H-1B Job Training Grants, CFDA # 17.268</li> </ul>	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

WASHINGTON COUNTY CAREER CENTER

WASHINGTON COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 26, 2016