



Dave Yost • Auditor of State

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wayne County Schools Career Center
Wayne County
518 W. Prospect St.
Smithville, Ohio 44677

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Schools Career Center, Wayne County, Ohio (the Career Center), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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, each major fund, and the aggregate remaining fund information of Wayne County Schools Career Center, Wayne County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Adult Education, and Classroom Facilities Maintenance Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 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 District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

January 14, 2015

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**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2014 are as follows:

- In total, net position of governmental activities increased \$856,249 which represents a 2.54% increase from 2013.
- General revenues accounted for \$10,922,624 in revenue or 65.02% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,876,972 or 34.98% of total revenues of \$16,799,596.
- The Career Center had \$15,943,347 in expenses related to governmental activities; only \$5,876,972 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,922,624 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund, adult education fund, classroom facilities maintenance fund and permanent improvement fund. The general fund had \$12,028,692 in revenues and \$10,847,055 in expenditures and other financing uses. The general fund's fund balance increased \$1,181,637 from a balance of \$6,935,035 to \$8,116,672.
- The adult education fund had \$1,679,418 in revenues and \$1,678,026 in expenditures. The adult education fund's fund balance increased \$1,392 from \$691,183 to \$692,575.
- The classroom facilities maintenance fund had \$432,020 in revenues and other financing sources and \$245,184 in expenditures. The classroom facilities maintenance fund's fund balance increased \$186,836 from \$1,453,324 to \$1,640,160.
- The permanent improvement fund had \$1,445,503 in revenues and \$1,273,780 in expenditures. The permanent improvement fund balance increased \$171,723 from \$1,818,950 to \$1,990,673.

Using the Basic Financial Statements (BFS)

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

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. In the case of the Career Center, there are four governmental funds reported as major funds.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Career Center's net position and changes in 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 governmental activities include the Career Center's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

The Career Center's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 11. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, adult education fund, classroom facilities maintenance fund and permanent improvement fund.

Governmental Funds

All 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 year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 17-23 of this report.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities on page 24. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-51 of this report.

The Career Center as a Whole

The table below provides a summary of the Career Center's net position at June 30, 2014 and June 30, 2013. Deferred revenues for 2013 have been reclassified as deferred inflows of resources to conform to new reporting standards implemented in fiscal year 2014 (see Note 3.A).

Net Position

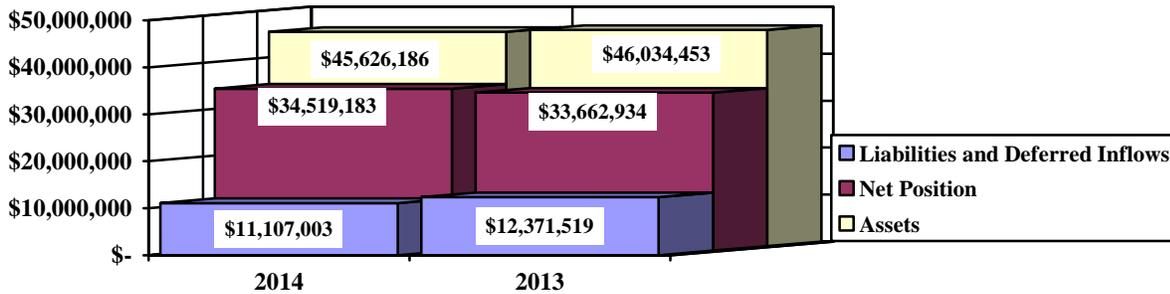
	Governmental Activities 2014	Reclassified Governmental Activities 2013
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Current assets	\$ 19,403,412	\$ 18,099,363
Capital assets, net	<u>26,222,774</u>	<u>27,935,090</u>
Total assets	<u>45,626,186</u>	<u>46,034,453</u>
<u>Liabilities</u>		
Current liabilities	1,086,425	1,189,731
Long-term liabilities	<u>5,123,361</u>	<u>6,079,140</u>
Total liabilities	<u>6,209,786</u>	<u>7,268,871</u>
<u>Deferred inflows</u>		
Property taxes levied for the next fiscal year	<u>4,897,217</u>	<u>5,102,648</u>
Total deferred inflows	<u>4,897,217</u>	<u>5,102,648</u>
<u>Net Position</u>		
Net investment in capital assets	21,767,774	22,475,090
Restricted	5,043,858	4,685,556
Unrestricted	<u>7,707,551</u>	<u>6,502,288</u>
Total net position	<u>\$ 34,519,183</u>	<u>\$ 33,662,934</u>

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

The table below provides a summary of the Career Center's governmental net position for 2014 and 2013:

Governmental - Net Position



For 2013, \$2,350,156 of payments received by the Career Center through the State of Ohio Foundation settlement process have been reclassified from a general revenue (grants and entitlements not restricted to specific programs) to a program revenue (operating grants and contributions) to conform to fiscal year 2014 presentation. The reclassification had no effect on net position as previously reported by the Career Center at June 30, 2013. The table that follows shows the changes in net position for governmental activities for fiscal years 2014 and 2013.

Change in Net Position

	Governmental Activities 2014	Reclassified Governmental Activities 2013
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,768,507	\$ 1,561,075
Operating grants and contributions	4,108,465	4,000,449
General revenues:		
Property taxes	6,084,770	5,326,034
Payments in lieu of taxes	47,230	1,334
Grants and entitlements not restricted to specific programs	4,714,048	4,600,833
Investment earnings	31,812	12,733
Miscellaneous	44,764	16,272
Total revenues	16,799,596	15,518,730

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**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

	Governmental Activities <u>2014</u>	Reclassified Governmental Activities <u>2013</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 2,120,325	\$ 2,047,124
Special	29,660	48,611
Vocational	5,549,333	5,623,206
Adult education	1,521,233	1,425,910
Support services:		
Pupil	541,476	508,810
Instructional staff	1,919,377	1,957,110
Board of education	50,515	52,282
Administration	1,098,711	999,856
Fiscal	444,819	512,930
Operations and maintenance	1,551,408	1,731,375
Pupil transportation	12,770	26,284
Central	107,037	96,362
Operation of non-instructional services:		
Food service operations	296,423	283,687
Other non-instructional services	483,333	338,344
Extracurricular activities	2,411	-
Interest and fiscal charges	<u>214,516</u>	<u>253,235</u>
Total expenses	<u>15,943,347</u>	<u>15,905,126</u>
Changes in net position	856,249	(386,396)
Net position at beginning of year	<u>33,662,934</u>	<u>34,049,330</u>
Net position at end of year	<u>\$ 34,519,183</u>	<u>\$ 33,662,934</u>

Governmental Activities

Net position of the Career Center's governmental activities increased \$856,249. Total governmental expenses of \$15,943,347 were offset by program revenues of \$5,876,972 and general revenues of \$10,922,624. Program revenues supported 36.86% of the total governmental expenses.

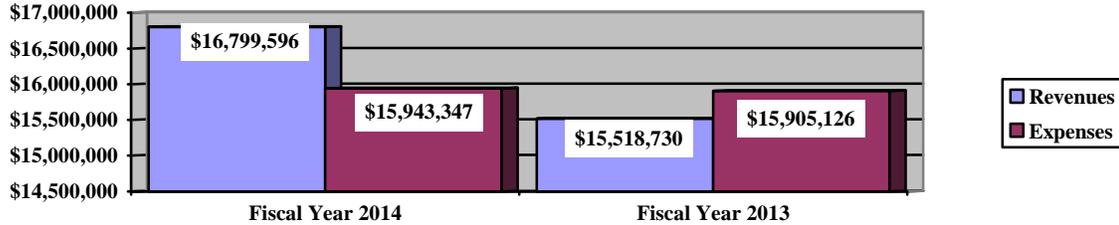
The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 64.28% of total governmental revenues. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2014 and 2013.

Governmental Activities - Revenues and Expenses



For 2013, the net cost of services for vocational expenses has been restated from \$5,271,612 to \$2,921,456 to reflect payments received by the Career Center through the State of Ohio Foundation settlement process that are restricted in use for vocational purposes. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2014 and 2013. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

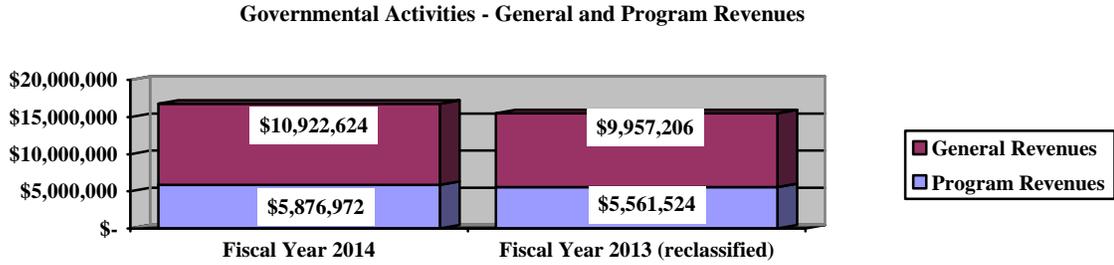
	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>	Restated Net Cost of Services <u>2013</u>
Program expenses:				
Instruction:				
Regular	\$ 2,120,325	\$ 1,948,763	\$ 2,047,124	\$ 1,872,642
Special	29,660	22,219	48,611	48,611
Vocational	5,549,333	2,881,084	5,623,206	2,921,456
Adult education	1,521,233	63,819	1,425,910	142,850
Support services:				
Pupil	541,476	380,339	508,810	374,478
Instructional staff	1,919,377	1,397,229	1,957,110	1,393,985
Board of Education	50,515	50,515	52,282	52,282
Administration	1,098,711	1,095,482	999,856	993,116
Fiscal	444,819	444,819	512,930	512,930
Operations and maintenance	1,551,408	1,541,703	1,731,375	1,731,196
Pupil transportation	12,770	12,770	26,284	26,284
Central	107,037	(194)	96,362	2,439
Operations of non-instructional services				
Food service operations	296,423	17,753	283,687	22,070
Other non-instructional services	483,333	(274)	338,344	(3,972)
Extracurricular activities	2,411	(4,168)	-	-
Interest and fiscal charges	214,516	214,516	253,235	253,235
Total expenses	<u>\$ 15,943,347</u>	<u>\$ 10,066,375</u>	<u>\$ 15,905,126</u>	<u>\$ 10,343,602</u>

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

The dependence upon tax revenues during fiscal year 2014 for governmental activities is apparent, as 53.31% of 2014 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 63.14% in 2014.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2014 and 2013.



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$13,202,220, which is higher than last year's total of \$11,631,517. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2014 and 2013.

	Fund Balance <u>June 30, 2014</u>	Fund Balance <u>June 30, 2013</u>	<u>Change</u>
General	\$ 8,116,672	\$ 6,935,035	\$ 1,181,637
Adult Education	692,575	691,183	1,392
Classroom Facilities Maintenance	1,640,160	1,453,324	186,836
Permanent Improvement	1,990,673	1,818,950	171,723
Other Governmental	<u>762,140</u>	<u>733,025</u>	<u>29,115</u>
Total	<u>\$ 13,202,220</u>	<u>\$ 11,631,517</u>	<u>\$ 1,570,703</u>

General Fund

The Career Center's general fund balance increased \$1,181,637 as increasing revenues continue to outpace slightly decreasing expenditures.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 4,620,438	\$ 3,991,436	15.76 %
Tuition	145,752	249,995	(41.70) %
Interest earnings	24,311	12,733	90.93 %
Intergovernmental	6,794,277	6,754,740	0.59 %
Other revenues	<u>443,914</u>	<u>220,924</u>	100.94 %
Total	<u>\$ 12,028,692</u>	<u>\$ 11,229,828</u>	7.11 %

Actual tax cash collections increased \$354,929 from fiscal year 2013. The remaining increase in tax revenue is due to an increase in tax advances available at June 30, 2014 versus June 30, 2013 which are recorded as revenue. The amount of tax advance available can vary depending upon when the tax bills are sent by the County Auditor. Tuition revenue decreased 41.70% due to decreases in general vocational education. Interest earnings increased 90.93% due to an increase in the amount of investments the Career Center had during the fiscal year. All other revenue, which includes refunds and reimbursements plus miscellaneous revenues increased over fiscal year 2013 levels.

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2014</u> <u>Amount</u>	<u>2013</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 6,567,545	\$ 6,657,188	(1.35) %
Support services	4,112,438	4,106,463	0.15 %
Operation of non-instructional services	1,532	2,451	(37.49) %
Extracurricular activities	<u>783</u>	<u>-</u>	100.00 %
Total	<u>\$ 10,682,298</u>	<u>\$ 10,766,102</u>	(0.78) %

All expenditures remained comparable to the prior fiscal year.

Adult Education Fund

The adult education fund had \$1,679,418 in revenues and \$1,678,026 in expenditures. The adult education fund's fund balance increased \$1,392 from \$691,183 to \$692,575.

Classroom Facilities Maintenance Fund

The classroom facilities maintenance fund had \$432,020 in revenues and other financing sources and \$245,184 in expenditures. The classroom facilities maintenance fund's fund balance increased \$186,836 from \$1,453,324 to \$1,640,160. The classroom facilities maintenance fund received a transfer in from the general fund in the amount of \$164,757 in fiscal year 2014.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Permanent Improvement Fund

The permanent improvement fund had \$1,445,503 in revenues and \$1,273,780 in expenditures. The permanent improvement fund balance increased \$171,723 from \$1,818,950 to \$1,990,673 primarily due to an increase in property tax revenue.

General Fund Budgeting Highlights

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

During the course of fiscal 2014, the Career Center did not amend its general fund budget. The Career Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, original and final budgeted revenues and other financing sources were \$11,346,000. Actual revenues and other financing sources were \$11,451,840; this was \$105,840 higher than final budgeted revenues and other financing sources.

General fund original and final appropriations (expenditures and other financing uses) were \$11,289,573. The actual budget basis expenditures and other financing uses for fiscal year 2014 totaled \$10,768,887 which was \$520,686 less than the final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2014, the Career Center had \$26,222,774 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. The following table shows fiscal 2014 balances compared to 2013:

Capital Assets at June 30 (Net of Depreciation)		
	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 612,773	\$ 612,773
Land improvements	2,124,429	2,258,604
Building and improvements	22,484,939	23,849,350
Furniture and equipment	953,175	1,155,970
Vehicles	<u>47,458</u>	<u>58,393</u>
Total	<u>\$ 26,222,774</u>	<u>\$ 27,935,090</u>

See Note 9 to the basic financial statements for additional information on the Career Center's capital assets.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

Debt Administration

At June 30, 2014 the Career Center had \$4,455,000 in capital lease obligations outstanding. Of this total, \$1,045,000 is due within one year and \$3,410,000 is due in greater than one year.

See Notes 10 and 11 to the basic financial statements for additional information on the Career Center's debt administration.

Current Financial Related Activity

The Career Center continues to have a positive financial outlook and will for the next few years unless changes in state and federal laws decrease income. The State of Ohio adopted the Biennial budget in June of 2013 (HB59). HB59 applies for fiscal year 2014 and 2015. This new funding model did not result in a significant impact to State of Ohio funding for the Career Center in fiscal year 2014.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, 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 questions about this report or need additional financial information contact Mary Workman, Treasurer, Wayne County Career Center, 518 West Prospect Street, Smithville, Ohio 44677.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2014**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 13,499,916
Receivables:	
Property taxes	5,784,986
Accounts	83,561
Accrued interest	7,439
Intergovernmental	21,690
Prepayments	5,820
Capital assets:	
Nondepreciable capital assets	612,773
Depreciable capital assets, net.	25,610,001
Capital assets, net	26,222,774
Total assets.	45,626,186
Liabilities:	
Accounts payable.	88,066
Accrued wages and benefits payable	747,957
Intergovernmental payable	161,561
Accrued vacation leave payable	72,441
Accrued interest payable	16,400
Long-term liabilities:	
Due within one year.	1,131,499
Due in more than one year.	3,991,862
Total liabilities	6,209,786
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	4,897,217
Net position:	
Net investment in capital assets	21,767,774
Restricted for:	
Capital projects	2,660,960
Classroom facilities maintenance	1,640,444
State funded programs.	2,048
Federally funded programs	591
Food service operations	109,724
Adult education programs	625,719
Other purposes	4,372
Unrestricted	7,707,551
Total net position.	\$ 34,519,183

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 2,120,325	\$ -	\$ 171,562	\$ (1,948,763)
Special	29,660	-	7,441	(22,219)
Vocational	5,549,333	371,198	2,297,051	(2,881,084)
Adult/continuing.	1,521,233	997,731	459,683	(63,819)
Support services:				
Pupil.	541,476	-	161,137	(380,339)
Instructional staff	1,919,377	274,561	247,587	(1,397,229)
Board of education	50,515	-	-	(50,515)
Administration.	1,098,711	-	3,229	(1,095,482)
Fiscal.	444,819	-	-	(444,819)
Operations and maintenance	1,551,408	3,700	6,005	(1,541,703)
Pupil transportation.	12,770	-	-	(12,770)
Central	107,037	-	107,231	194
Operation of non-instructional services:				
Food service operations	296,423	115,804	162,866	(17,753)
Other non-instructional services	483,333	-	483,607	274
Extracurricular activities.	2,411	5,513	1,066	4,168
Interest and fiscal charges	214,516	-	-	(214,516)
Total governmental activities	\$ 15,943,347	\$ 1,768,507	\$ 4,108,465	(10,066,375)

General revenues:

Property taxes levied for:	
General purposes	4,582,666
Capital outlay.	1,234,841
Classroom facilities maintenance.	267,263
Payments in lieu of taxes.	47,230
Grants and entitlements not restricted to specific programs	4,714,048
Investment earnings	31,812
Miscellaneous	44,764
Total general revenues	10,922,624
Change in net position	856,249
Net position at beginning of year	33,662,934
Net position at end of year.	\$ 34,519,183

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014**

	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities Maintenance</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Equity in pooled cash and investments	\$ 8,440,953	\$ 774,244	\$ 1,676,134	\$ 1,813,973	\$ 794,612	\$ 13,499,916
Receivables:						
Property taxes.	4,358,523	-	290,716	1,135,747	-	5,784,986
Accounts	39,943	42,240	284	-	1,094	83,561
Accrued interest	7,439	-	-	-	-	7,439
Intergovernmental.	-	-	-	-	21,690	21,690
Prepayments.	3,000	1,044	-	-	1,776	5,820
Total assets	<u>\$ 12,849,858</u>	<u>\$ 817,528</u>	<u>\$ 1,967,134</u>	<u>\$ 2,949,720</u>	<u>\$ 819,172</u>	<u>\$ 19,403,412</u>
Liabilities:						
Accounts payable	\$ 41,370	\$ 5,020	\$ 35,750	\$ 4,919	\$ 1,007	\$ 88,066
Accrued wages and benefits payable	644,183	59,960	-	-	43,814	747,957
Compensated absences payable	62,445	24,641	-	-	-	87,086
Intergovernmental payable	137,122	13,759	224	-	10,456	161,561
Total liabilities.	<u>885,120</u>	<u>103,380</u>	<u>35,974</u>	<u>4,919</u>	<u>55,277</u>	<u>1,084,670</u>
Deferred inflows of resources:						
Property taxes levied for the next fiscal year.	3,689,661	-	290,716	916,840	-	4,897,217
Delinquent property tax revenue not available.	113,931	-	-	37,288	-	151,219
Accrued interest not available.	7,439	-	-	-	-	7,439
Intergovernmental revenue not available.	-	-	-	-	661	661
Miscellaneous revenue not available.	19,613	3,345	284	-	1,094	24,336
Tuition revenue not available	17,422	18,228	-	-	-	35,650
Total deferred inflows of resources	<u>3,848,066</u>	<u>21,573</u>	<u>291,000</u>	<u>954,128</u>	<u>1,755</u>	<u>5,116,522</u>
Fund balances:						
Nonspendable:						
Prepays.	3,000	1,044	-	-	1,776	5,820
Restricted:						
Capital improvements	-	-	-	1,990,673	649,399	2,640,072
Adult education	-	691,531	-	-	-	691,531
Classroom facilities maintenance	-	-	1,640,160	-	-	1,640,160
Food service operations	-	-	-	-	114,096	114,096
Other purposes.	-	-	-	-	4,974	4,974
Assigned:						
Student instruction	64,451	-	-	-	-	64,451
Student and staff support.	243,439	-	-	-	-	243,439
School supplies	260,333	-	-	-	-	260,333
Other purposes.	40,186	-	-	-	-	40,186
Unassigned (deficit)	7,505,263	-	-	-	(8,105)	7,497,158
Total fund balances	<u>8,116,672</u>	<u>692,575</u>	<u>1,640,160</u>	<u>1,990,673</u>	<u>762,140</u>	<u>13,202,220</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 12,849,858</u>	<u>\$ 817,528</u>	<u>\$ 1,967,134</u>	<u>\$ 2,949,720</u>	<u>\$ 819,172</u>	<u>\$ 19,403,412</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014**

Total governmental fund balances		\$ 13,202,220
<i>Amounts reported for governmental activities on 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.		26,222,774
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 151,219	
Accounts receivable	59,986	
Accrued interest receivable	7,439	
Intergovernmental receivable	661	
Total	219,305	219,305
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(16,400)
Long-term liabilities, including capital lease obligations, are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligation	(4,455,000)	
Accrued vacation leave	(72,441)	
Compensated absences	(581,275)	
Total	(5,108,716)	(5,108,716)
Net position of governmental activities		\$ 34,519,183

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities Maintenance</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
From local sources:						
Property taxes	\$ 4,620,438	\$ -	\$ 267,263	\$ 1,247,478	\$ -	\$ 6,135,179
Payment in lieu of taxes	47,230	-	-	-	-	47,230
Tuition	145,752	1,090,393	-	-	-	1,236,145
Earnings on investments	24,311	-	-	-	85	24,396
Charges for services	-	-	-	-	115,804	115,804
Extracurricular	1,982	-	-	-	3,531	5,513
Classroom materials and fees	138,268	189,750	-	-	-	328,018
Rental income	3,700	3,700	-	-	-	7,400
Contributions and donations	141,195	95	-	-	-	141,290
Contract services	86,608	1,385	-	-	-	87,993
Other local revenues	24,931	3,817	-	-	465	29,213
Intergovernmental - state	6,794,277	353,779	-	198,025	96,259	7,442,340
Intergovernmental - federal	-	36,499	-	-	1,215,708	1,252,207
Total revenues	<u>12,028,692</u>	<u>1,679,418</u>	<u>267,263</u>	<u>1,445,503</u>	<u>1,431,852</u>	<u>16,852,728</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,803,984	-	-	-	163,795	1,967,779
Special	7,447	-	-	-	-	7,447
Vocational	4,731,257	-	-	-	5,050	4,736,307
Adult/continuing	24,857	1,315,938	-	-	131,763	1,472,558
Support services:						
Pupil	374,523	-	-	-	155,898	530,421
Instructional staff	1,443,222	362,088	-	-	96,685	1,901,995
Board of education	50,515	-	-	-	-	50,515
Administration	980,477	-	-	-	2,975	983,452
Fiscal	419,242	-	-	16,396	-	435,638
Operations and maintenance	842,531	-	244,960	-	-	1,087,491
Pupil transportation	1,835	-	-	-	-	1,835
Central	93	-	-	-	104,377	104,470
Operation of non-instructional services:						
Food service operations	-	-	-	-	258,678	258,678
Other operation of non-instructional	1,532	-	224	-	481,577	483,333
Extracurricular activities	783	-	-	-	1,628	2,411
Facilities acquisition and construction	-	-	-	35,490	311	35,801
Debt service:						
Principal retirement	-	-	-	1,005,000	-	1,005,000
Interest and fiscal charges	-	-	-	216,894	-	216,894
Total expenditures	<u>10,682,298</u>	<u>1,678,026</u>	<u>245,184</u>	<u>1,273,780</u>	<u>1,402,737</u>	<u>15,282,025</u>
Excess of revenues over expenditures	<u>1,346,394</u>	<u>1,392</u>	<u>22,079</u>	<u>171,723</u>	<u>29,115</u>	<u>1,570,703</u>
Other financing sources (uses):						
Transfers in	-	-	164,757	-	-	164,757
Transfers (out)	(164,757)	-	-	-	-	(164,757)
Total other financing sources (uses)	<u>(164,757)</u>	<u>-</u>	<u>164,757</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,181,637	1,392	186,836	171,723	29,115	1,570,703
Fund balances at beginning of year	6,935,035	691,183	1,453,324	1,818,950	733,025	11,631,517
Fund balances at end of year	<u>\$ 8,116,672</u>	<u>\$ 692,575</u>	<u>\$ 1,640,160</u>	<u>\$ 1,990,673</u>	<u>\$ 762,140</u>	<u>\$ 13,202,220</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Net change in fund balances - total governmental funds	\$	1,570,703
<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.		
Capital asset additions	\$ 25,451	
Current year depreciation	<u>(1,737,767)</u>	
Total		(1,712,316)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(50,409)	
Tuition	(12,366)	
Earnings on investments	7,439	
Other local	24,336	
Intergovernmental	<u>(22,132)</u>	
Total		(53,132)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
		1,005,000
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		
		2,378
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>43,616</u>
Change in net position of governmental activities	\$	<u>856,249</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 4,352,000	\$ 4,352,000	\$ 4,402,410	\$ 50,410
Payment in lieu of taxes	47,860	47,860	47,230	(630)
Tuition and fees	100,000	100,000	143,623	43,623
Earnings on investments	15,000	15,000	23,353	8,353
Rental income	5,000	5,000	3,700	(1,300)
Contributions and donations	2,800	2,800	3,288	488
Contract services	15,340	15,340	11,100	(4,240)
Intergovernmental - state	6,778,000	6,778,000	6,794,277	16,277
Total revenues	<u>11,316,000</u>	<u>11,316,000</u>	<u>11,428,981</u>	<u>112,981</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,795,406	1,799,466	1,791,041	8,425
Vocational	5,050,595	5,048,167	4,702,782	345,385
Support services:				
Pupil	408,630	405,517	387,980	17,537
Instructional staff	1,448,721	1,444,661	1,388,446	56,215
Board of education	65,630	65,630	50,375	15,255
Administration	977,136	982,677	989,850	(7,173)
Fiscal	482,826	482,826	429,119	53,707
Operations and maintenance	892,535	892,535	862,567	29,968
Pupil transportation	3,337	3,337	1,970	1,367
Total expenditures	<u>11,124,816</u>	<u>11,124,816</u>	<u>10,604,130</u>	<u>520,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>191,184</u>	<u>191,184</u>	<u>824,851</u>	<u>633,667</u>
Other financing sources (uses):				
Refund of prior year's expenditures	29,000	29,000	22,459	(6,541)
Transfers (out)	(164,757)	(164,757)	(164,757)	-
Sale of capital assets	1,000	1,000	400	(600)
Total other financing sources (uses)	<u>(134,757)</u>	<u>(134,757)</u>	<u>(141,898)</u>	<u>(7,141)</u>
Net change in fund balance	56,427	56,427	682,953	626,526
Fund balance at beginning of year	6,827,698	6,827,698	6,827,698	-
Prior year encumbrances appropriated	273,816	273,816	273,816	-
Fund balance at end of year	<u>\$ 7,157,941</u>	<u>\$ 7,157,941</u>	<u>\$ 7,784,467</u>	<u>\$ 626,526</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Tuition and fees	\$ 1,070,000	\$ 1,070,000	\$ 1,096,656	\$ 26,656
Classroom materials and fees	100,000	100,000	189,750	89,750
Rental income	5,600	5,600	3,700	(1,900)
Contributions and donations	-	-	95	95
Contract services.	1,000	1,000	1,385	385
Intergovernmental - state	300,000	300,000	353,779	53,779
Intergovernmental - federal	115,000	115,000	36,499	(78,501)
Total revenue	<u>1,591,600</u>	<u>1,591,600</u>	<u>1,681,864</u>	<u>90,264</u>
Expenditures:				
Current:				
Instruction:				
Adult/continuing	1,390,238	1,382,089	1,304,450	77,639
Support Services:				
Instructional staff	294,799	352,948	366,598	(13,650)
Total expenditures	<u>1,685,037</u>	<u>1,735,037</u>	<u>1,671,048</u>	<u>63,989</u>
Excess of revenues over (under) expenditures.	<u>(93,437)</u>	<u>(143,437)</u>	<u>10,816</u>	<u>154,253</u>
Other financing sources:				
Refund of prior year's expenditures	-	-	3,817	3,817
Total other financing sources	<u>-</u>	<u>-</u>	<u>3,817</u>	<u>3,817</u>
Net change in fund balance	(93,437)	(143,437)	14,633	158,070
Fund balance at beginning of year	701,138	701,138	701,138	-
Prior year encumbrances appropriated	37,223	37,223	37,223	-
Fund balance at end of year	<u>\$ 644,924</u>	<u>\$ 594,924</u>	<u>\$ 752,994</u>	<u>\$ 158,070</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current:				
Support Services:				
Operations and maintenance.	\$ 292,849	\$ 292,849	\$ 249,191	\$ 43,658
Total expenditures	<u>292,849</u>	<u>292,849</u>	<u>249,191</u>	<u>43,658</u>
Excess of revenues over (under) expenditures.	<u>(292,849)</u>	<u>(292,849)</u>	<u>(249,191)</u>	<u>43,658</u>
Other financing sources:				
Refund of prior year's expenditures	-	-	297	297
Transfers in	455,473	455,473	455,473	-
Total other financing sources	<u>455,473</u>	<u>455,473</u>	<u>455,770</u>	<u>297</u>
Net change in fund balance	162,624	162,624	206,579	43,955
Fund balance at beginning of year	1,416,256	1,416,256	1,416,256	-
Prior year encumbrances appropriated	17,549	17,549	17,549	-
Fund balance at end of year	<u>\$ 1,596,429</u>	<u>\$ 1,596,429</u>	<u>\$ 1,640,384</u>	<u>\$ 43,955</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

**STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2014**

	Agency
Assets:	
Equity in pooled cash and investments . . .	\$ 111,915
Receivables:	
Accounts	11,034
Total assets.	\$ 122,949
Liabilities:	
Accounts payable.	\$ 1,501
Intergovernmental payable	72
Undistributed monies	22,240
Due to students.	99,136
Total liabilities	\$ 122,949

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Wayne County Schools Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a thirteen member Board of Education consisting of a representative from the participating school districts' elected Boards. The Career Center is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board possesses its own budgeting and taxing authority. The Career Center provides educational services as mandated by statute and/or federal agencies and operates one instructional/support facility.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government 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; or (3) 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 (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organization is described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATION

Midland Council of Governments (the "Midland COG")

The Midland COG is a jointly governed organization among twenty-two boards of education. The Midland COG was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Midland COG is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services. During the fiscal year ended June 30, 2014, the Career Center paid \$58,305 to the Midland COG for basic service charges.

Representation on the Midland COG consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Midland COG is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

INSURANCE POOLS

Stark County Schools Council of Governments (the "Council")

The Career Center participates in the Council for purpose of providing employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of 79 entities, most of which are school districts.

Ohio School Plan (the "Plan")

The Career Center participates in the Plan, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member Board consisting of superintendents, treasurers, and a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**WAYNE COUNTY SCHOOLS CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. These statements usually distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the Career center has no business-type activities.

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the Career Center's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Adult education fund - The adult education fund accounts for financial resources restricted to educational opportunities offered on a tuition basis to adults living within the community.

Permanent improvement fund - The permanent improvement fund accounts for property taxes restricted for the acquisition, construction, or improvement of capital facilities.

Classroom facilities maintenance fund - The classroom facilities maintenance fund accounts for financial resources restricted to the maintenance and upkeep of Career Center facilities.

Other governmental funds of the Career Center are used to account for specific revenue sources that are restricted to expenditures for specified purposes.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the 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 only fiduciary funds are agency funds. 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 and an adult education direct loan rotary activities.

D. Measurement Focus

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Nonexchange 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, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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, student fees, contract services, and charges for services.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the Career Center that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the Career Center that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Payment in lieu of taxes and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows on the governmental fund financial statements.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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.

F. Budgetary Process

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

The certificate of estimated resources may be amended during the 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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

G. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Interest in the pool is presented as "equity in pooled cash and investments".

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

During fiscal year 2014, the Career Center's investments included nonnegotiable certificates of deposit, a U.S. Government money market mutual fund, a repurchase agreement, Federal Home Loan Mortgage Corporations (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities and U.S. Treasury notes. Investments are reported at fair value, except for nonnegotiable certificates of deposit and repurchase agreements, which are reported at cost. Fair value is based on quoted market price or current share price.

The Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2014 was \$24,311, which includes \$9,277 assigned from other Career Center funds.

Investments of the Career Center's cash management pool and investments with an original maturity 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 that were not purchased from the pool are reported as investments.

An analysis of the Career Center's investment account at year end is provided in Note 4.

H. Prepayments

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Career Center had no restricted assets at June 30, 2014.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of \$5,000 for its general capital assets. 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.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 Useful lives</u>
Land improvements	15 - 30 years
Buildings and improvements	30 - 50 years
Furniture and equipment	3 - 15 years
Vehicles	5 - 15 years

K. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's 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.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center's past experience of making termination payments.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

O. Interfund Activity

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

P. Estimates

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

Q. Extraordinary and Special Items

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. Neither type of transaction occurred during fiscal year 2014.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2014, the Career Center has implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", GASB Statement No. 66, "Technical Corrections-2012", and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the Career Center, the implementation of GASB Statement No. 65 has changed the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Career Center.

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

B. Deficit Fund Balances

Fund balances at June 30, 2014 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Adult basic education	\$ 1,098
Vocational education	6,909
Improving teacher quality	98

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. The individual fund deficits of the nonmajor governmental funds above are reported as unassigned fund balance on the governmental funds balance sheet.

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Career Center into three categories.

Active deposits are monies determined to be necessary to meet current demands on the treasury. Such 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 of Education 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 may be deposited or invested in the following securities:

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Career Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year-end, the Career Center had \$425 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all Career Center deposits was \$6,809,428. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$6,203,746 of the Career Center's bank balance of \$6,981,266 was exposed to custodial risk as discussed below, while \$777,520 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Career Center. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>				
		<u>6 Months or Less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLMC	\$ 751,461	\$ -	\$ 300,487	\$ -	\$ -	\$ 450,974
FFCB	622,115	170,084	-	452,031	-	-
FHLB	745,663	-	-	-	59,833	685,830
FNMA	1,453,617	-	-	-	800,685	652,932
U.S. Treasury notes	300,281	-	-	300,281	-	-
Repurchase agreement	2,785,000	2,785,000	-	-	-	-
U.S. Government money market mutual funds	143,841	143,841	-	-	-	-
Total	\$ 6,801,978	\$ 3,098,925	\$ 300,487	\$ 752,312	\$ 860,518	\$ 1,789,736

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the Career Center.

Credit Risk: The Career Center's investments in federal agency securities, U.S Treasury obligations, and the federal agency securities that underlie the repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. government money market mutual fund was rated AAAM by Standard & Poor's. 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 no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Career Center. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a purchase agreement by 2 percent. The federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Career Center's name. 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.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2014:

<u>Investment type</u>	<u>Fair value</u>	<u>% to total</u>
FHLMC	\$ 751,461	11.05
FFCB	622,115	9.15
FHLB	745,663	10.96
FNMA	1,453,617	21.37
U.S. Treasury notes	300,281	4.41
Repurchase agreement	2,785,000	40.95
U.S. Government money market market mutual fund	<u>143,841</u>	<u>2.11</u>
Total	<u>\$ 6,801,978</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,809,428
Investments	6,801,978
Cash on hand	<u>425</u>
Total	<u>\$ 13,611,831</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 13,499,916
Agency funds	<u>111,915</u>
Total	<u>\$ 13,611,831</u>

NOTE 5 - INTERFUND TRANSACTIONS

Transfers for the year ended June 30, 2014 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	\$ 164,757
Classroom facilities maintenance fund	<u>164,757</u>	<u>-</u>
Total	<u>\$ 164,757</u>	<u>\$ 164,757</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

During fiscal year 2014, the Career Center transferred \$164,757 from the general fund to the classroom facilities maintenance fund to provide for future facilities maintenance expenditures.

NOTE 6 - 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 property and public utility property. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Wayne, Medina, Holmes, Stark and Ashland Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$554,931 in the general fund and \$181,619 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013 was \$336,904 in the general fund, \$87,421 in the classroom facilities maintenance fund and \$23,453 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

NOTE 6 - PROPERTY TAXES - (Continued)

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

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

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,154,338,340	96.32	\$ 2,182,158,930	96.01
Public utility personal	<u>82,285,720</u>	<u>3.68</u>	<u>90,590,450</u>	<u>3.99</u>
Total	<u>\$ 2,236,624,060</u>	<u>100.00</u>	<u>\$ 2,272,749,380</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 4.85		\$ 4.85	

NOTE 7 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, adult education fund and the classroom facilities maintenance fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to restricted, assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Certain funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

NOTE 7 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund, adult education fund and the classroom facilities maintenance fund is as follows:

Net Change in Fund Balance

	General Fund	Adult Education Fund	Classroom Facilities Maintenance Fund
Budget basis	\$ 682,953	\$ 14,633	\$ 206,579
Net adjustment for revenue accruals	244,010	(2,446)	267,263
Net adjustment for expenditure accruals	69,465	(28,228)	(31,743)
Net adjustment for other sources/uses	(22,859)	(3,817)	(291,013)
Funds budgeted elsewhere **	26,527	-	-
Adjustment for encumbrances	<u>181,541</u>	<u>21,250</u>	<u>35,750</u>
Budget basis	<u>\$ 1,181,637</u>	<u>\$ 1,392</u>	<u>\$ 186,836</u>

** Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund, the public school support fund, and the customer services fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2014 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities	
Property taxes	\$ 5,784,986
Accounts	83,561
Intergovernmental	21,690
Accrued interest	<u>7,439</u>
Total governmental activities	<u>\$ 5,897,676</u>

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

NOTE 9 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/14</u>
Governmental activities:				
<i>Nondepreciable capital assets:</i>				
Land	\$ 612,773	\$ -	\$ -	\$ 612,773
Total nondepreciable capital assets	<u>612,773</u>	<u>-</u>	<u>-</u>	<u>612,773</u>
<i>Depreciable capital assets:</i>				
Land improvements	2,737,702	-	-	2,737,702
Buildings and improvements	32,587,506	4	-	32,587,510
Furniture and equipment	2,111,827	17,447	-	2,129,274
Vehicles	<u>213,455</u>	<u>8,000</u>	<u>-</u>	<u>221,455</u>
Total depreciable capital assets	<u>37,650,490</u>	<u>25,451</u>	<u>-</u>	<u>37,675,941</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(479,098)	(134,175)	-	(613,273)
Buildings and improvements	(8,738,156)	(1,364,415)	-	(10,102,571)
Furniture and equipment	(955,857)	(220,242)	-	(1,176,099)
Vehicles	<u>(155,062)</u>	<u>(18,935)</u>	<u>-</u>	<u>(173,997)</u>
Total accumulated depreciation	<u>(10,328,173)</u>	<u>(1,737,767)</u>	<u>-</u>	<u>(12,065,940)</u>
Depreciable capital assets, net	<u>27,322,317</u>	<u>(1,712,316)</u>	<u>-</u>	<u>25,610,001</u>
Governmental activities capital assets, net	<u>\$ 27,935,090</u>	<u>\$ (1,712,316)</u>	<u>\$ -</u>	<u>\$ 26,222,774</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 150,681
Special	22,213
Vocational	808,908
Adult/continuing	57,875

Support services:

Pupil	11,841
Instructional staff	28,729
Administration	138,985
Fiscal	4,670
Operations and maintenance	457,639
Pupil transportation	18,935
Food service operations	<u>37,291</u>

Total depreciation expense \$ 1,737,767

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

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2009, the Career Center entered into a lease-purchase agreement for the classroom renovations to the school. The Career Center is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The Career Center is acting as an agent for the lessor, and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited \$9,120,000, with a fiscal agent for the renovation project. Huntington National Bank has sold certificates of participation in the building lease. The Career Center will make annual lease payments to Huntington National Bank. Interest rates range between 4.00 percent and 4.75 percent. The lease is renewable annually and expires in November 2017. The intention of the Career Center is to renew the lease annually.

As of June 30, 2014, \$9,120,000 of capital assets acquired by lease have been capitalized. Principal payments in fiscal year 2014 totaled \$1,005,000. Payments will be made on the lease from the permanent improvement fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2015	\$ 1,220,241
2016	1,220,525
2017	1,216,825
2018	<u>1,213,144</u>
	4,870,735
Less: amount representing interest	<u>(415,735)</u>
Present value of minimum lease payments	<u>\$ 4,455,000</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - LONG-TERM OBLIGATIONS

The Career Center's long-term obligations during the year 2014 were as follows:

	<u>Balance</u> <u>06/30/13</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/14</u>	<u>Amounts</u> <u>due in</u> <u>one year</u>
Governmental activities:					
<i>Capital lease:</i>					
2009 classroom facility project - certificates of participation 4.00-4.75%, maturity 11/2017	\$ 5,460,000	\$ -	\$ (1,005,000)	\$ 4,455,000	\$ 1,045,000
<i>Other long-term obligations:</i>					
Compensated absences payable	<u>619,140</u>	<u>152,316</u>	<u>(103,095)</u>	<u>668,361</u>	<u>86,499</u>
Total governmental activities long-term obligations	<u>\$ 6,079,140</u>	<u>\$ 152,316</u>	<u>\$ (1,108,095)</u>	<u>\$ 5,123,361</u>	<u>\$ 1,131,499</u>

Compensated Absences - Compensated absences will be paid from the general fund, the adult education fund and the food service fund (a nonmajor governmental fund).

NOTE 12 - OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the Career Center, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

The Superintendent earns 25 days of vacation per year and is allowed to cash in up to 15 unused vacation days per year. The Treasurer earns 20 days of vacation per year and is allowed to carry over up to 10 unused vacation days per year. The Director of Operations and Principal earn 20 days of vacation per year and are allowed to carry over up to 20 unused vacation days per year. Administrators and teachers do not earn vacation.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - RISK MANAGEMENT

A. General Insurance

The Career Center is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The Career Center has a comprehensive property and casualty policy with a deductible of \$1,000 per incident. The Career Center's vehicle liability insurance policy limit is \$3,000,000 for each occurrence with a collision deductible of \$1,000 for buses and \$500 for all other vehicles. All administrators and employees are covered under a Career Center liability policy. The limits of this coverage are \$3,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, nor has insurance coverage been significantly reduced from the prior fiscal year.

The Career Center is a member of the Ohio School Plan for Building, Grounds, Liability, and Vehicle Insurance. The comprehensive property and casualty deductible is \$1,000 and the vehicle collision is \$500. The Ohio School Plan has over 300 school districts insured.

B. Fidelity Bond

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

C. Workers' Compensation

The Career Center pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

D. Employee Health Insurance

The Career Center is contracted with Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the Career Center by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts. Rates are set through an annual calculation process. The Career Center pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon termination, all Career Center claims would be paid without regard to the Career Center's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute at an actuarially determined rate. The current Career Center rate is 14 percent of annual covered payroll. A portion of the Career Center's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Career Center's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$201,247, \$242,650 and \$238,992, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

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NOTE 14 - PENSION PLANS - (Continued)

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The Career Center's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$770,302, \$824,447 and \$949,912, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$35,380 made by the Career Center and \$27,799 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Education have elected Social Security. The Career Center's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Career Center participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$27,957, \$23,588 and \$10,391, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The Career Center's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$11,675, \$13,707 and \$14,169, respectively; 86 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO**

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

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Career Center's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$59,254, \$63,419 and \$73,070, respectively; 90 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

There are currently no legal matters in litigation with the Career Center as defendant or plaintiff.

NOTE 17 - SET-ASIDES

The Career Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	122,074
Current year offsets	<u>(122,074)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>
Set-aside balance June 30, 2014	<u>\$ -</u>

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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

NOTE 18 - COMMITMENTS

The Career Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Career Center's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	Year-End <u>Encumbrances</u>
General	\$ 144,879
Adult education	16,409
Nonmajor governmental	<u>497</u>
Total	<u>\$ 161,785</u>

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**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA Number	Receipts	Disbursements
Program Title			
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 11,466	\$ 11,466
Cash Assistance:			
School Breakfast Program	10.553	21,001	21,001
National School Lunch Program	10.555	<u>137,737</u>	<u>137,737</u>
Total Child Nutrition Cluster		<u>170,204</u>	<u>170,204</u>
Total U.S. Department of Agriculture		<u>170,204</u>	<u>170,204</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program:</i>			
Student Financial Assistance Cluster:			
Pell Grant	84.063	482,082	481,577
Supplemental Educational Opportunity Grant	84.007	6,276	6,276
Federal Direct Student Loans	84.268	<u>585,972</u>	<u>585,972</u>
Total Student Financial Assistance Cluster		<u>1,074,330</u>	<u>1,073,825</u>
<i>Passed Through Ohio Department of Education:</i>			
Career and Technical Education_Basic Grants to States	84.048	415,387	418,440
Improving Teacher Quality State Grants	84.367	7,387	7,387
ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top Incentive Grants, Recovery Act	84.395	1,050	1,050
<i>Passed Through Ohio Board of Regents:</i>			
Adult Education - Basic Grants to States	84.002	<u>129,511</u>	<u>129,511</u>
Total U.S. Department of Education		<u>1,627,665</u>	<u>1,630,213</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 1,797,869</u>	<u>\$ 1,800,417</u>

The accompanying notes are an integral part of this schedule.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Wayne County Schools Career Center's (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 the entitlement value. The Career Center allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Wayne County Schools Career Center
Wayne County
518 W. Prospect St.
Smithville, Ohio 44677

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Schools Career Center, Wayne County, Ohio, (the Career Center) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 14, 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career Center's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

January 14, 2015



Dave Yost • Auditor of State

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

Wayne County Schools Career Center
Wayne County
518 W. Prospect St.
Smithville, Ohio 44677

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Wayne County Schools Career Center's, Wayne County, Ohio (the Career Center's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Career Center's major federal program for the year ended June 30, 2014. The *Summary of Auditor's 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 program.

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.

Basis for Qualified Opinion on Student Financial Assistance Cluster

As described in finding 2014-001 in the accompanying schedule of findings, the Career Center did not comply with requirements regarding Special Reporting – Enrollment Reporting applicable to its Student Financial Assistance Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the Career Center to comply with requirements applicable to this program.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Student Financial Assistance Cluster* paragraph, the Career Center complied, in all material respects, with the requirements referred to above that could directly and materially affect its Student Financial Assistance Cluster for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The Career Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Career Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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's 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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2014-001 to be a material weakness.

The Career Center's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not audit the Career Center's response and, accordingly, we express no opinion on it.

Wayne County Schools Career Center
Wayne County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance Required By OMB Circular A-133
Page 3

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

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

Dave Yost
Auditor of State
Columbus, Ohio

January 14, 2015

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**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<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	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.007, 84.063 & 84.268 – Student Financial Assistance Cluster
<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

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Student Financial Assistance Cluster – Special Tests – Enrollment Reporting

Finding Number	2014-001
CFDA Title and Number	Student Financial Assistance Cluster – CFDA # 84.007, 84.063 and 84.268
Federal Award Number / Year	2014/2013
Federal Agency	U.S. Department of Education
Pass-Through Agency	None

Noncompliance / Material Weakness

34 CFR § 685.309(b)(2) provides unless a school expects to submit its next student status confirmation report to the Secretary within the next 60 days, the school shall notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—

- (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
- (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- (iii) Has changed his or her permanent address.

34 CFR §690.83(b)(2) provides for Pell grants an institution shall submit, in accordance with deadline dates established by the Secretary, through publication in the *Federal Register*, other reports and information the Secretary requires and shall comply with the procedures the Secretary finds necessary to ensure that the reports are correct. The **National Student Loan Data System Enrollment Reporting Guide, section 1.2** provides Federal regulations and related guidance governing Title IV student aid programs required to monitor and update the enrollment status of students who receive Federal student aid. Completion of Enrollment Reporting satisfies these requirements for schools. The accuracy of Title IV student loan records depends heavily on the accuracy of the enrollment information reported by schools. Schools must review, update, and verify student enrollment statuses, effective dates of the enrollment status, and the anticipated completion dates that appear on the Enrollment Reporting roster file.

We noted one instance of a student status change in which the Career Center did not notify the lender or granter agency within 30 days and did not meet the exception of completing an enrollment roster within the next 60 days.

Failure to timely submit student withdrawal dates on the National Student Loan Data System could result in the Career Center receiving funds they are not entitled to receive.

The Career Center should ensure they are promptly reporting the withdrawal of students within the required 30 day timeframe.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	<p>The Financial Aid Account Clerk, Sharon Leisure, will verify a list of our full time students against the list of names in NSLDS that are assigned to our school. This method of cross checking, utilizing the list from NSLDS compared to our internal Student DataBase, will help us identify anyone not on the list based on the lack of student loan funding. If a student is identified as not being on the NSLDS list they will be added into NSLDS immediately.</p> <p>The verification process will occur quarterly beginning on March 15, 2015.</p>	March 15, 2015	Director of Operations and Adult Education, Lynn Moomaw

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WAYNE COUNTY SCHOOLS CAREER CENTER

WAYNE 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
MARCH 10, 2015