



Dave Yost • Auditor of State

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto County Career Technical Center, Scioto County, Ohio, as of June 30, 2014, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General and Adult Education Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2014

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Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year 2014 are as follows:

- Net position of governmental activities decreased \$67,305.
- General revenues accounted for \$6,371,892 or 62% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions, accounted for \$3,948,909 or 38% of total revenues of \$10,320,801.
- The School District had \$10,388,106 in expenses related to governmental activities; only \$3,948,909 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues of \$6,371,892 were not adequate to offset the remaining \$6,439,197 cost for these programs.
- The School District has four major funds: the General Fund, the Adult Education Fund, Debt Service Fund, and the Permanent Improvement Fund. All governmental funds had total revenues and other financing sources of \$10,601,652 and expenditures and other financing uses of \$10,233,738.

USING THIS ANNUAL FINANCIAL REPORT

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

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

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Debt Service Fund, Adult Education Fund, and the Permanent Improvement Fund.

Governmental Funds

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

Fiduciary Funds

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

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013.

Table 1
Statement of Net Position

| | Governmental Activities | |
|---|-------------------------|---------------|
| | 2014 | 2013 |
| Assets | | |
| Current and Other Assets | \$ 11,476,066 | \$ 10,912,095 |
| Capital Assets, Net | 20,457,650 | 20,901,106 |
| Total Assets | 31,933,716 | 31,813,201 |
| Liabilities | | |
| Current and Other Liabilities | 617,647 | 620,233 |
| Long-Term Liabilities | 3,805,141 | 3,744,695 |
| Total Liabilities | 4,422,788 | 4,364,928 |
| Deferred Inflows of Resources | | |
| Property Taxes not Levied to Finance Current Year Operations | 2,377,521 | 2,247,561 |
| Net Position | | |
| Net Investment in Capital Assets | 17,234,650 | 17,670,806 |
| Restricted | 5,693,465 | 5,143,050 |
| Unrestricted | 2,205,292 | 2,386,856 |
| Total Net Position | \$ 25,133,407 | \$ 25,200,712 |

Total net position of the School District as a whole decreased \$67,305. The increase to total assets of \$120,515 was due primarily to increases in cash on hand as of June 30, 2014 and property taxes receivable which were partially offset by decreases in capital assets and accounts receivable. Current and other liabilities remained steady from 2014 to 2013. The increase to long-term liabilities is primarily due to an increase in compensated absences payable which was partially offset by the debt principal payment.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in net position for the fiscal years ended June 30, 2014 and 2013.

Table 2
Change in Net Position

| | Governmental Activities | Governmental Activities |
|---|----------------------------|----------------------------|
| | 2014 | 2013 |
| Revenues | | |
| Program Revenues | | |
| Charges for Services and Sales | \$ 2,047,955 | \$ 1,997,375 |
| Operating Grants and Contributions | 1,900,954 | 1,336,486 |
| Total Program Revenues | <u>3,948,909</u> | <u>3,333,861</u> |
| General Revenues | | |
| Property Taxes | 2,489,859 | 2,399,492 |
| Grants and Entitlements not Restricted to Specific Programs | 3,719,443 | 4,118,234 |
| Gifts and Donations not Restricted to Specific Programs | - | 100 |
| Investment Earnings | 83,533 | 60,283 |
| Miscellaneous | 79,057 | 171,374 |
| Total General Revenues | <u>6,371,892</u> | <u>6,749,483</u> |
| Total Revenues | <u>10,320,801</u> | <u>10,083,344</u> |
| Program Expenses | | |
| Instruction: | | |
| Special | 9,440 | 65,024 |
| Vocational | 4,536,372 | 4,201,460 |
| Adult/Continuing | 1,463,974 | 1,540,644 |
| Other | 147,958 | 184,610 |
| Support Services: | | |
| Pupils | 340,081 | 448,776 |
| Instructional Staff | 449,875 | 401,634 |
| Board of Education | 13,112 | 12,762 |
| Administration | 1,281,041 | 1,357,883 |
| Fiscal | 380,207 | 373,089 |
| Operation and Maintenance of Plant | 1,209,735 | 1,174,506 |
| Pupil Transportation | 16,183 | 23,426 |
| Central | 173,494 | 116,442 |
| Operation of Non-Instructional Services | 294,182 | 291,605 |
| Extracurricular Activities | 72,452 | 58,785 |
| Total Expenses | <u>10,388,106</u> | <u>10,250,646</u> |
| Increase (Decrease) in Net Position | (67,305) | (167,302) |
| Net Position, Beginning of Year | <u>25,200,712</u> | <u>25,368,014</u> |
| Net Position, End of Year | <u>\$ 25,133,407</u> | <u>\$ 25,200,712</u> |

The increase to operating grants and contributions resulted from additional funds received from the Ohio Department of Education for special education. The decrease in grants and entitlements not restricted to specific programs decreased as a result of the 6.25% cap limit imposed by the Ohio Department of Education for regular funding. Vocational instruction increased as a direct result of program increases in the Vocational Education program. Pupils support services decreased due to the elimination of the special needs coordinator position during the fiscal year.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Governmental Activities

Charges for services and sales comprised 20 percent of revenue for governmental activities, while operating grants and contributions comprised 18 percent of revenue for governmental activities of the School District for fiscal year 2014. Grants and entitlements not restricted for specific programs comprised 36 percent of revenue for governmental activities, while property taxes comprised 24 percent of revenue for governmental activities.

As indicated by governmental program expenses, instruction is emphasized. Vocational instruction comprised 44 percent of governmental program expenses. Adult/Continuing instruction and administration support services also comprise significant portions of total expenses, representing 14 percent and 12 percent, respectively.

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

Table 3
 Governmental Activities

| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
|---|---------------------------|-------------------------|---------------------------|-------------------------|
| | 2014 | 2014 | 2013 | 2013 |
| Program Expenses | | | | |
| Instruction: | | | | |
| Special | \$ 9,440 | \$ (712,045) | \$ 65,024 | \$ (222,765) |
| Vocational | 4,536,372 | 4,183,189 | 4,201,460 | 3,961,139 |
| Adult/Continuing | 1,463,974 | 44,787 | 1,540,644 | 118,042 |
| Other | 147,958 | 129,753 | 184,610 | 121,158 |
| Support Services: | | | | |
| Pupils | 340,081 | 224,204 | 448,776 | 379,962 |
| Instructional Staff | 449,875 | 414,916 | 401,634 | 385,570 |
| Board of Education | 13,112 | 12,462 | 12,762 | 12,536 |
| Administration | 1,281,041 | 616,068 | 1,357,883 | 716,974 |
| Fiscal | 380,207 | 362,203 | 373,089 | 366,786 |
| Operation and Maintenance of Plant | 1,209,735 | 994,975 | 1,174,506 | 959,233 |
| Pupil Transportation | 16,183 | 15,769 | 23,426 | 23,252 |
| Central | 173,494 | 111,627 | 116,442 | 75,661 |
| Operation of Non-Instructional Services | 294,182 | (27,574) | 291,605 | (38,053) |
| Extracurricular Activities | 72,452 | 68,863 | 58,785 | 57,290 |
| Total | <u>\$ 10,388,106</u> | <u>\$ 6,439,197</u> | <u>\$ 10,250,646</u> | <u>\$ 6,916,785</u> |

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund had \$6,690,215 in revenues and other financing sources and \$6,858,418 in expenditures and other financing uses resulting in a decrease in fund balance of \$168,203.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The Permanent Improvement Fund had \$667,380 in revenues and \$413,861 in expenditures and other financing uses resulting in an increase in fund balance of \$253,519. The increase is due to the excess of revenues over expenditures and transfers out.

The Adult Education Fund had \$2,168,980 in revenues and \$2,167,442 in expenditures resulting in an increase in fund balance of \$1,538.

The Debt Service Fund had \$212,335 in revenues and other financing sources and \$7,300 in expenditures resulting in an increase in fund balance of \$205,035. The increase is primarily due to a transfer into the fund.

General Fund Budgeting Highlights

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

During 2014, there were several revisions to the General Fund budget. In part, these revisions increased estimated resources by \$44,515 primarily for intergovernmental revenues. The revisions also increased appropriations by \$674,517 primarily for vocational instruction. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The General Fund's ending unobligated cash balance was \$2,108,895.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the School District had \$20,457,650 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2014 balances compared to 2013.

Table 4
 Capital Assets
 (Net of Depreciation)

| | Governmental Activities | |
|-----------------------------------|-------------------------|---------------|
| | 2014 | 2013 |
| Land | \$ 33,852 | \$ 33,852 |
| Land Improvements | 760,537 | 803,548 |
| Buildings and Improvements | 18,513,803 | 18,937,934 |
| Furniture, Fixtures and Equipment | 1,074,887 | 1,077,618 |
| Vehicles | 74,571 | 48,154 |
| Totals | \$ 20,457,650 | \$ 20,901,106 |

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

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Debt

At June 30, 2014, the School District had a construction loan outstanding of \$73,000 and capital lease obligations of \$3,150,000, of which \$14,600 of these obligations are due within one year. For additional information on debt, see Note 12 to the basic financial statements.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

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Scioto County Career Technical Center
Statement of Net Position
June 30, 2014

| | Governmental Activities |
|--|----------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | \$ 6,535,170 |
| Accounts Receivable | 206,486 |
| Accrued Interest Receivable | 6,528 |
| Intergovernmental Receivable | 54,939 |
| Property Taxes Receivable | 3,112,456 |
| Restricted Assets: | |
| Cash and Cash Equivalents with Escrow Agents | 1,560,487 |
| Nondepreciable Capital Assets | 33,852 |
| Depreciable Capital Assets, Net | 20,423,798 |
| <i>Total Assets</i> | 31,933,716 |
| Liabilities | |
| Accounts Payable | 38,709 |
| Accrued Wages and Benefits Payable | 396,726 |
| Matured Compensated Absences Payable | 46,482 |
| Intergovernmental Payable | 135,730 |
| Long-Term Liabilities: | |
| Due Within One Year | 124,819 |
| Due In More Than One Year | 3,680,322 |
| <i>Total Liabilities</i> | 4,422,788 |
| Deferred Inflows of Resources | |
| Property Taxes not Levied to Finance Current Year Operations | 2,377,521 |
| Total Deferred Inflows of Resources | 2,377,521 |
| Net Position | |
| Net Investment in Capital Assets | 17,234,650 |
| Restricted for: | |
| Capital Projects | 2,601,223 |
| Debt Service | 1,560,487 |
| Adult Education | 540,569 |
| Classroom Facilities Maintenance | 939,555 |
| Other Purposes | 51,631 |
| Unrestricted | 2,205,292 |
| <i>Total Net Position</i> | \$ 25,133,407 |

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Activities
For the Fiscal Year Ended June 30, 2014

| | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position |
|--|----------------------|--------------------------------------|---------------------------------------|--|
| | Expenses | Charges for Services and Sales | Operating Grants and Contributions | |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Special | \$ 9,440 | \$ 468 | \$ 721,017 | \$ 712,045 |
| Vocational | 4,536,372 | 283,552 | 69,631 | (4,183,189) |
| Adult/Continuing | 1,463,974 | 830,962 | 588,225 | (44,787) |
| Other | 147,958 | 13,455 | 4,750 | (129,753) |
| Support Services: | | | | |
| Pupils | 340,081 | 72,612 | 43,265 | (224,204) |
| Instructional Staff | 449,875 | 28,690 | 6,269 | (414,916) |
| Board of Education | 13,112 | 650 | - | (12,462) |
| Administration | 1,281,041 | 402,205 | 262,768 | (616,068) |
| Fiscal | 380,207 | 18,004 | - | (362,203) |
| Operation and Maintenance of Plant | 1,209,735 | 146,066 | 68,694 | (994,975) |
| Pupil Transportation | 16,183 | 414 | - | (15,769) |
| Central | 173,494 | 38,598 | 23,269 | (111,627) |
| Operation of Non-Instructional Services | 294,182 | 208,690 | 113,066 | 27,574 |
| Extracurricular Activities | 72,452 | 3,589 | - | (68,863) |
| Totals | \$ 10,388,106 | \$ 2,047,955 | \$ 1,900,954 | (6,439,197) |
| General Revenues | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 1,937,421 |
| Permanent Improvements | | | | 552,438 |
| Grants and Entitlements not Restricted | | | | |
| to Specific Programs | | | | 3,719,443 |
| Investment Earnings | | | | 83,533 |
| Miscellaneous | | | | 79,057 |
| <i>Total General Revenues</i> | | | | <u>6,371,892</u> |
| <i>Change in Net Position</i> | | | | (67,305) |
| <i>Net Position Beginning of Year</i> | | | | <u>25,200,712</u> |
| <i>Net Position End of Year</i> | | | | <u>\$ 25,133,407</u> |

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Balance Sheet
Governmental Funds
June 30, 2014

| | General | Permanent Improvement | Adult Education | Debt Service | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------|--------------------|---------------------|--------------------------------|--------------------------------|
| Assets | | | | | | |
| Equity in Pooled Cash and Investments | \$ 2,645,591 | \$ 2,150,687 | \$ 504,074 | \$ - | \$ 1,234,818 | \$ 6,535,170 |
| Receivables: | | | | | | |
| Property Taxes | 2,422,201 | 690,255 | - | - | - | 3,112,456 |
| Accounts | - | - | 206,486 | - | - | 206,486 |
| Accrued Interest | 6,528 | - | - | - | - | 6,528 |
| Interfund | 1,997 | - | - | - | - | 1,997 |
| Intergovernmental | - | - | - | - | 54,939 | 54,939 |
| Restricted Assets: | | | | | | |
| Cash and Cash Equivalents with Escrow Agents | - | - | - | 1,560,487 | - | 1,560,487 |
| <i>Total Assets</i> | <u>\$ 5,076,317</u> | <u>\$ 2,840,942</u> | <u>\$ 710,560</u> | <u>\$ 1,560,487</u> | <u>\$ 1,289,757</u> | <u>\$ 11,478,063</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balances | | | | | | |
| Liabilities | | | | | | |
| Accounts Payable | \$ 24,584 | \$ - | \$ 12,668 | \$ - | \$ 1,457 | \$ 38,709 |
| Accrued Wages and Benefits Payable | 381,334 | - | 15,392 | - | - | 396,726 |
| Interfund Payable | - | - | - | - | 1,997 | 1,997 |
| Matured Compensated Absences Payable | 46,482 | - | - | - | - | 46,482 |
| Intergovernmental Payable | 103,552 | - | 24,581 | - | 7,597 | 135,730 |
| <i>Total Liabilities</i> | <u>555,952</u> | <u>-</u> | <u>52,641</u> | <u>-</u> | <u>11,051</u> | <u>619,644</u> |
| Deferred Inflows of Resources | | | | | | |
| Property Taxes not Levied to Finance Current Year Operations | 1,848,705 | 528,816 | - | - | - | 2,377,521 |
| Unavailable Revenue - Delinquent Taxes | 472,742 | 131,595 | - | - | - | 604,337 |
| Unavailable Revenue - Grants | - | - | - | - | 54,939 | 54,939 |
| <i>Total Deferred Inflows of Resources</i> | <u>2,321,447</u> | <u>660,411</u> | <u>-</u> | <u>-</u> | <u>54,939</u> | <u>3,036,797</u> |
| Fund Balances | | | | | | |
| Restricted | - | 2,180,531 | 657,919 | 1,560,487 | 1,231,062 | 5,629,999 |
| Assigned | 526,112 | - | - | - | - | 526,112 |
| Unassigned | 1,672,806 | - | - | - | (7,295) | 1,665,511 |
| <i>Total Fund Balances</i> | <u>2,198,918</u> | <u>2,180,531</u> | <u>657,919</u> | <u>1,560,487</u> | <u>1,223,767</u> | <u>7,821,622</u> |
| <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | <u>\$ 5,076,317</u> | <u>\$ 2,840,942</u> | <u>\$ 710,560</u> | <u>\$ 1,560,487</u> | <u>\$ 1,289,757</u> | <u>\$ 11,478,063</u> |

See accompanying notes to the basic financial statements.

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

| | | |
|---|-------------|----------------------|
| Total Governmental Fund Balances | | \$ 7,821,622 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 20,457,650 |
| Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds. | | |
| Taxes | 604,337 | |
| Intergovernmental | 54,939 | |
| Total | 659,276 | 659,276 |
| Long-term liabilities, including loans, capital lease obligations, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds. | | |
| Loans | (73,000) | |
| Compensated Absences | (582,141) | |
| Capital Lease Obligations | (3,150,000) | |
| Total | (3,805,141) | (3,805,141) |
| Net Position of Governmental Activities | | \$ 25,133,407 |

See accompanying notes to the basic financial statements.

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

| | General | Permanent Improvement | Adult Education | Debt Service | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|--------------------------|--------------------|---------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Taxes | \$ 1,924,899 | \$ 551,216 | \$ - | \$ - | \$ - | \$ 2,476,115 |
| Intergovernmental | 4,326,690 | 113,770 | 478,369 | - | 644,629 | 5,563,458 |
| Investment Earnings | 52,234 | - | - | 30,200 | 1,099 | 83,533 |
| Charges for Services | 15,242 | - | 19,100 | - | 29,866 | 64,208 |
| Tuition and Fees | 298,210 | - | 1,661,259 | - | - | 1,959,469 |
| Rent | 16,120 | - | 5,588 | - | - | 21,708 |
| Extracurricular Activities | 2,570 | - | - | - | - | 2,570 |
| Gifts and Donations | - | - | - | - | 2,000 | 2,000 |
| Miscellaneous | 50,750 | 2,394 | 4,664 | - | 21,249 | 79,057 |
| <i>Total Revenues</i> | <u>6,686,715</u> | <u>667,380</u> | <u>2,168,980</u> | <u>30,200</u> | <u>698,843</u> | <u>10,252,118</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Special | 12,760 | - | - | - | - | 12,760 |
| Vocational | 3,706,696 | - | - | - | 173,296 | 3,879,992 |
| Adult/Continuing | 2 | - | 1,442,098 | - | - | 1,442,100 |
| Other | 135,681 | - | - | - | 11,821 | 147,502 |
| Support Services: | | | | | | |
| Pupils | 215,629 | - | 46,189 | - | 60,684 | 322,502 |
| Instructional Staff | 396,064 | - | 990 | - | 14,613 | 411,667 |
| Board of Education | 13,112 | - | - | - | - | 13,112 |
| Administration | 655,429 | - | 480,467 | - | 161,347 | 1,297,243 |
| Fiscal | 358,286 | 16,708 | - | - | - | 374,994 |
| Operation and Maintenance of Plant | 981,285 | 32,975 | 130,011 | - | 39,834 | 1,184,105 |
| Pupil Transportation | 8,364 | - | - | - | - | 8,364 |
| Central | 115,583 | - | 56,395 | - | 1,800 | 173,778 |
| Operation of Non-Instructional Services | - | 1 | - | - | 281,398 | 281,399 |
| Extracurricular Activities | 72,452 | - | - | - | - | 72,452 |
| Capital Outlay | 173,075 | 32,143 | 11,292 | - | 41,924 | 258,434 |
| Debt Service: | | | | | | |
| Principal | - | - | - | 7,300 | - | 7,300 |
| <i>Total Expenditures</i> | <u>6,844,418</u> | <u>81,827</u> | <u>2,167,442</u> | <u>7,300</u> | <u>786,717</u> | <u>9,887,704</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(157,703)</u> | <u>585,553</u> | <u>1,538</u> | <u>22,900</u> | <u>(87,874)</u> | <u>364,414</u> |
| Other Financing Sources (Uses) | | | | | | |
| Proceeds from Sale of Capital Assets | 3,500 | - | - | - | - | 3,500 |
| Transfers In | - | - | - | 182,135 | 163,899 | 346,034 |
| Transfers Out | (14,000) | (332,034) | - | - | - | (346,034) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(10,500)</u> | <u>(332,034)</u> | <u>-</u> | <u>182,135</u> | <u>163,899</u> | <u>3,500</u> |
| <i>Net Change in Fund Balances</i> | <u>(168,203)</u> | <u>253,519</u> | <u>1,538</u> | <u>205,035</u> | <u>76,025</u> | <u>367,914</u> |
| <i>Fund Balances Beginning of Year</i> | <u>2,367,121</u> | <u>1,927,012</u> | <u>656,381</u> | <u>1,355,452</u> | <u>1,147,742</u> | <u>7,453,708</u> |
| <i>Fund Balances End of Year</i> | <u>\$ 2,198,918</u> | <u>\$ 2,180,531</u> | <u>\$ 657,919</u> | <u>\$ 1,560,487</u> | <u>\$ 1,223,767</u> | <u>\$ 7,821,622</u> |

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

| | | |
|---|------------------|-------------------------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | 367,914 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.</p> | | |
| Capital Asset Additions | 260,481 | |
| Current Year Depreciation | <u>(702,328)</u> | |
| Total | | (441,847) |
| <p>Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. These are the amounts of the loss from the disposal of capital assets and the proceeds from the sale of capital assets.</p> | | |
| Proceeds from Sale of Capital Assets | 3,500 | |
| Loss from Disposal of Capital Assets | <u>(5,109)</u> | |
| Total | | (1,609) |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p> | | |
| Taxes | 13,744 | |
| Intergovernmental | <u>54,939</u> | |
| Total | | 68,683 |
| <p>Repayments of loan principal are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position and do not result in expenses in the statement of activities.</p> | | |
| | | 7,300 |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p> | | |
| Increase in Compensated Absences | <u>(67,746)</u> | |
| Total | | <u>(67,746)</u> |
| Net Change in Net Position of Governmental Activities | \$ | <u><u>(67,305)</u></u> |

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget: Positive (Negative) |
|--------------------------------------|-------------------------|---------------------|---------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Total Revenues and Other Sources | \$ 6,778,973 | \$ 6,823,488 | \$ 6,823,488 | \$ - |
| Total Expenditures and Other Uses | <u>6,536,511</u> | <u>7,211,028</u> | <u>7,068,975</u> | <u>142,053</u> |
| Net Change in Fund Balance | 242,462 | (387,540) | (245,487) | 142,053 |
| Fund Balance, July 1, 2013 | 2,312,702 | 2,312,702 | 2,312,702 | - |
| Prior Year Encumbrances Appropriated | <u>41,680</u> | <u>41,680</u> | <u>41,680</u> | <u>-</u> |
| Fund Balance, June 30, 2014 | <u>\$ 2,596,844</u> | <u>\$ 1,966,842</u> | <u>\$ 2,108,895</u> | <u>\$ 142,053</u> |

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget: Positive (Negative) |
|--------------------------------------|-------------------------|---------------------|-------------------|--|
| | <u>Original Budget</u> | <u>Final Budget</u> | | |
| Total Revenues and Other Sources | \$ 2,871,604 | \$ 2,684,091 | \$ 2,684,091 | \$ - |
| Total Expenditures and Other Uses | <u>2,879,254</u> | <u>2,533,667</u> | <u>2,521,858</u> | <u>11,809</u> |
| Net Change in Fund Balance | (7,650) | 150,424 | 162,233 | 11,809 |
| Fund Balance, July 1, 2013 | 317,308 | 317,308 | 317,308 | - |
| Prior Year Encumbrances Appropriated | <u>14,343</u> | <u>14,343</u> | <u>14,343</u> | <u>-</u> |
| Fund Balance, June 30, 2014 | <u>\$ 324,001</u> | <u>\$ 482,075</u> | <u>\$ 493,884</u> | <u>\$ 11,809</u> |

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2014

| | <u>Agency Fund</u> |
|---------------------------------------|-------------------------|
| Assets | |
| Equity in Pooled Cash and Investments | <u>\$ 22,261</u> |
| <i>Total Assets</i> | <u><u>\$ 22,261</u></u> |
| | |
| Liabilities | |
| Undistributed Monies | <u>\$ 22,261</u> |
| <i>Total Liabilities</i> | <u><u>\$ 22,261</u></u> |

See accompanying notes to the basic financial statements.

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1971 through the consolidation of existing land areas and school districts. The School District serves the entire Scioto County area. It is located in Lucasville, Ohio. It is staffed by 19 non-certificated full-time employees, 43 certificated full-time teaching personnel, and 19 full-time administrative employees who provide services to 550 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Scioto County Career Technical Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Scioto County Career Technical Center, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with five organizations, of which two are defined as jointly governed organizations and three as insurance purchasing pools. These organizations are the South Central Ohio Computer Association Council of Governments, Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Optimal Health Initiatives Consortium. These organizations are presented in Notes 13 and 14 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

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

General Fund

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

Permanent Improvement Fund

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

Adult Education Fund

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

Debt Service Fund

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's agency funds account for student-managed activities and account for Pell Grant and Federal Direct Loan proceeds and disbursements to various students within the School District.

Basis of Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

Measurement Focus and Basis of Accounting

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

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

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District did not have any deferred outflows as of June 30, 2014. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School these amounts consist of taxes and intergovernmental receivables which are not collected in the available period. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to monies not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and Debt Service Funds were \$52,234 and \$30,200, respectively. Interest revenue for all other non-major governmental funds amounted to \$1,099.

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

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

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

Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. All reported capital assets, except land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives: Land Improvements - 5 years, Buildings and Improvements - 50 years, furniture, fixtures, and equipment (FF & E) - 8 to 20 years, and vehicles - 10 to 15 years.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

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

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

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

Interfund Balances

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

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

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

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

Of the School District's \$5,693,465 in restricted net position, none is restricted by enabling legislation.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

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

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

Restricted Assets

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2014, the Vocational Education, Miscellaneous Federal Grants, and Improving Teacher Quality Special Revenue Funds had deficit fund balances of \$3,724, \$1,561, and \$2,010, respectively. Deficits were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

| | Net Change in Fund Balance | |
|---|----------------------------|------------------------|
| | <u>General</u> | <u>Adult Education</u> |
| GAAP Basis | \$ (168,203) | \$ 1,538 |
| Revenue Accruals | 162,605 | 515,111 |
| Expenditure Accruals | (62,079) | (344,222) |
| Perspective Difference: | | |
| Activity of Funds Reclassified for GAAP Reporting Purposes | 727 | - |
| Encumbrances | <u>(178,537)</u> | <u>(10,194)</u> |
| Budget Basis | <u>\$ (245,487)</u> | <u>\$ 162,233</u> |

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
9. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which both the obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

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

As of June 30, 2014, the School District’s bank balance of \$6,223,687 was either covered by FDIC or collateralized by the financial institution’s public entity deposit pool in the manner described above.

Investments As of June 30, 2014, the School District had the following investments:

| | Carrying/Fair Value | <u>Investment Maturities (in years)</u> | |
|--|------------------------|---|------------------|
| | | <u>Less than 1</u> | |
| Federal Home Loan Mortgage Corporation | \$ 500,875 | \$ | 500,875 |
| US Treasury Bill | 1,559,938 | | 1,559,938 |
| Total Fair Value | \$ 2,060,813 | \$ | 2,060,813 |

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to repurchase agreements, money market accounts, and U.S. Government Agency securities/instrumentalities. The Federal Home Loan Mortgage Corporation securities are all rated AA+ by Standard & Poor’s and AAA by Moody’s. The US Treasury Bill securities are all rated A by Standard and Poor’s and A2 by Moody’s.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District’s investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 24% in Federal Home Loan Mortgage Corporation securities and 76% in US Treasury Bill securities.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected in 2014 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2014, was \$100,754 in the General Fund and \$29,844 in the Permanent Improvement Fund.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 6 - PROPERTY TAXES (continued)

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

| | <u>2013 Second- Half Collections</u> | | <u>2014 First- Half Collections</u> | |
|---|--|----------------|---|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$ 868,611,350 | 91.40% | \$ 899,824,930 | 91.05% |
| Public Utility | <u>81,754,100</u> | <u>8.60%</u> | <u>88,482,430</u> | <u>8.95%</u> |
| Total Assessed Value | <u>\$ 950,365,450</u> | <u>100.00%</u> | <u>\$ 988,307,360</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$ 5.37 | | \$ 5.37 | |

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014, consisted of property taxes, accrued interest, interfund, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

| | |
|--------------------------------|----------------------|
| <i>Non-Major Funds:</i> | |
| Vocational Education | 52,942 |
| Improving Teacher Quality | <u>1,997</u> |
| Total Non-Major Funds | <u>54,939</u> |
| Total | <u>\$ 54,939</u> |

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 8 – CAPITAL ASSETS

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

| | 6/30/2013 | | | 6/30/2014 |
|---|----------------------|---------------------|-------------------|----------------------|
| | Balance | Additions | Deletions | Balance |
| Governmental Activities | | | | |
| Capital Assets, Not Being Depreciated | | | | |
| Land | \$ 33,852 | \$ - | \$ - | \$ 33,852 |
| Total Capital Assets, Not Being Depreciated | <u>33,852</u> | <u>-</u> | <u>-</u> | <u>33,852</u> |
| Capital Assets Being Depreciated | | | | |
| Land Improvements | 1,338,441 | 5,300 | (4,790) | 1,338,951 |
| Buildings & Improvements | 23,479,410 | 47,563 | - | 23,526,973 |
| Furniture, Fixtures and Equipment | 2,264,870 | 168,118 | (8,910) | 2,424,078 |
| Vehicles | 257,377 | 39,500 | (55,499) | 241,378 |
| Library and Textbooks | 292,612 | - | (292,612) | - |
| Total Capital Assets Being Depreciated | <u>27,632,710</u> | <u>260,481</u> | <u>(361,811)</u> | <u>27,531,380</u> |
| Less: Accumulated Depreciation | | | | |
| Land Improvements | (534,893) | (48,311) | 4,790 | (578,414) |
| Buildings & Improvements | (4,541,476) | (471,694) | - | (5,013,170) |
| Furniture, Fixtures and Equipment | (1,187,252) | (170,334) | 8,395 | (1,349,191) |
| Vehicles | (209,223) | (11,989) | 54,405 | (166,807) |
| Library and Textbooks | (292,612) | - | 292,612 | - |
| Total Accumulated Depreciation | <u>(6,765,456)</u> | <u>(702,328)</u> | <u>360,202</u> | <u>(7,107,582)</u> |
| Total Capital Assets Being Depreciated, Net | <u>20,867,254</u> | <u>(441,847)</u> | <u>(1,609)</u> | <u>20,423,798</u> |
| Governmental Capital Assets, Net | <u>\$ 20,901,106</u> | <u>\$ (441,847)</u> | <u>\$ (1,609)</u> | <u>\$ 20,457,650</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------|
| Instruction: | |
| Vocational | \$ 627,440 |
| Support Services: | |
| Pupils | 450 |
| Instructional Staff | 33,981 |
| Administration | 1,323 |
| Fiscal | 135 |
| Operation and Maintenance of Plant | 18,397 |
| Pupil Transportation | 7,819 |
| Operation of Non-Instructional Services | 12,783 |
| Total Depreciation Expense | <u>\$ 702,328</u> |

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2014, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$148,802, \$141,865, and \$67,371, respectively; 99 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. \$1,325 represents the unpaid contribution for fiscal year 2014 and is recorded as a liability within the respective funds.

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Eligible members who do not make a choice during the reselection period will permanently remain under their current plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14% for members and 14% for employers.

For the fiscal year ended June 30, 2014, plan members were required to contribute 11% of their annual covered salaries. For fiscal years 2013 and 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was allocated for pension benefits.

The School District’s contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$494,187, \$516,116, and \$524,211, respectively; 83 percent of the required contribution has been made for fiscal year 2014 and 100 percent of the required contribution has been made for fiscal years 2013 and 2012. \$84,229 represents the unpaid contribution for fiscal year 2014 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Effective July 1, 2014, plan members will be required to contribute 12% of their annual covered salaries.

Social Security System

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

B. Postemployment Benefits

State Teachers Retirement System

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

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

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

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013, and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$38,214, \$39,815, and \$40,776, for fiscal years 2014, 2013, and 2012, respectively, which equaled the required allocation for each year.

School Employees Retirement System

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50 if they participated in one of SERS' health care plans.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2014, 2013, and 2012, the actuarially required allocation was 0.76 percent, 0.74 percent, and 0.75 percent. For the School District, contributions for the years ended June 30, 2014, 2013, and 2012, were \$8,647, \$7,976, and \$9,681, which equaled the required contributions for those years.

Health Care Plan

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS
(continued)

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e).

Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2014, 2013, and 2012, the health care allocations were 0.14 percent, 0.16 percent, and 0.55 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amounts assigned to health care, including the surcharge, during the 2014, 2013, and 2012 fiscal years equaled \$23,609, \$22,532, and \$30,486, respectively, which equaled the required allocation for each year.

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

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

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Life Insurance

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

NOTE 12 - LONG-TERM OBLIGATIONS

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

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

| | Principal Outstanding 06/30/13 | Additions | Deductions | Principal Outstanding 06/30/14 | Due in One Year |
|-------------------------------------|--------------------------------------|-------------------|-------------------|--------------------------------------|--------------------|
| Construction | | | | | |
| Loan 2004 0% | \$ 80,300 | \$ - | \$ 7,300 | \$ 73,000 | \$ 14,600 |
| Total Long-Term Loans | 80,300 | - | 7,300 | 73,000 | 14,600 |
| Capital Leases | 3,150,000 | - | - | 3,150,000 | - |
| Compensated Absences | 514,395 | 602,022 | 534,276 | 582,141 | 110,219 |
| Total General Long-Term Obligations | <u>\$ 3,744,695</u> | <u>\$ 602,022</u> | <u>\$ 541,576</u> | <u>\$ 3,805,141</u> | <u>\$ 124,819</u> |

Principal and interest requirements to retire the general obligation debt at June 30, 2014, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|------------------|-------------|------------------|
| 2015 | 14,600 | - | 14,600 |
| 2016 | 14,600 | - | 14,600 |
| 2017 | 14,600 | - | 14,600 |
| 2018 | 14,600 | - | 14,600 |
| 2019 | 14,600 | - | 14,600 |
| Total | <u>\$ 73,000</u> | <u>\$ -</u> | <u>\$ 73,000</u> |

The School District's voted legal debt margin was \$88,874,662 with an unvoted debt margin of \$988,307 at June 30, 2014.

NOTE 13 - INSURANCE PURCHASING POOLS

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 13 - INSURANCE PURCHASING POOLS (continued)

Ohio School Plan - The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated nonprofit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association Council of Governments - The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 59 public education entities, 60 non-public education entities, and public libraries from 24 Ohio counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The School District paid SCOCA COG \$99,525 for services provided during the year. Financial information for SCOCA COG can be obtained from Sandee Benson, P.O. Box 596, 175 Beaver Creek, Suite 2, Piketon, Ohio 45661.

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 15 - CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2014.

B. Litigation

The School District is not party to legal proceedings as of June 30, 2014.

NOTE 16 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 17 - STATUTORY RESERVES

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

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

| | Capital Maintenance Reserve |
|---|-----------------------------------|
| Cash Balance July 01, 2013 | \$0 |
| Current Year Set-Aside Requirement | 83,976 |
| Excess Qualified Expenditures from Prior Years | (14,898) |
| Current Year Qualifying Expenditures | (69,078) |
| Total | \$0 |
| Set Aside Reserve Cash Balance as of June 30, 2014 | \$0 |

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$2,859,374 at June 30, 2014.

NOTE 18 - INTERFUND ACTIVITY

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

| Interfund Transfers | Transfer From: | Transfer To: |
|----------------------------------|-----------------------|---------------------|
| Major Funds: | | |
| General | \$ 14,000 | \$ - |
| Debt Service | - | 182,135 |
| Permanent Improvement | 332,034 | - |
| Non-major Funds: | | |
| Food Service | - | 14,000 |
| Classroom Facilities Maintenance | - | 149,899 |
| Total Non-major Funds | - | 163,899 |
| Total | \$ 346,034 | \$ 346,034 |

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 19 – FUND BALANCES

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

| Fund Balances | General | Adult Education | Permanent Improvement | Debt Service | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------|---------------------------|-------------------------|---------------------------|---------------------------|-----------------------------------|--------------------------------|
| Restricted for | | | | | | |
| Other Purposes | \$0 | \$0 | \$0 | \$0 | \$2,410 | \$2,410 |
| Adult Education | 0 | 657,919 | 0 | 0 | 0 | 657,919 |
| Classroom Facilities Maintenance | 0 | 0 | 0 | 0 | 939,555 | 939,555 |
| Debt Services Payments | 0 | 0 | 0 | 1,560,487 | 0 | 1,560,487 |
| Capital Improvements | 0 | 0 | 2,180,531 | 0 | 289,097 | 2,469,628 |
| Total Restricted | <u>0</u> | <u>657,919</u> | <u>2,180,531</u> | <u>1,560,487</u> | <u>1,231,062</u> | <u>5,629,999</u> |
| Assigned to | | | | | | |
| Other Purposes | <u>526,112</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>526,112</u> |
| Unassigned (Deficit) | <u>1,672,806</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(7,295)</u> | <u>1,665,511</u> |
| Total Fund Balances | <u><u>\$2,198,918</u></u> | <u><u>\$657,919</u></u> | <u><u>\$2,180,531</u></u> | <u><u>\$1,560,487</u></u> | <u><u>\$1,223,767</u></u> | <u><u>\$7,821,622</u></u> |

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,” GASB Statement No. 69, “Government Combinations and Disposals of Government Operations,” and GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES (continued)

The implementation of GASB Statements No. 66, 69, and 70 had no effect on the financial statements.

NOTE 21 – COMMITMENTS

A. Contractual

As of June 30, 2014, the School District entered into contractual purchase commitments for various projects listed below:

| Project | Vendor | Contract Amount | Amount Expended | Balance at 06/30/14 |
|------------------------------|----------------------------------|--------------------|--------------------|------------------------|
| Paving Services | J.L. Cline Asphalt Sealing | \$ 19,500 | \$ - | \$ 19,500 |
| Supply Piping Replacement | B.B.&E. Inc. | 91,700 | - | 91,700 |
| New Parking Lot Construction | Boone Coleman Construction, Inc. | 21,000 | - | 21,000 |

B. Encumbrances

At June 30, 2014, the School District had significant encumbrance commitments in the following governmental funds:

| Fund | Amount |
|----------------------|-------------------------|
| Major Funds: | |
| General | \$116,756 |
| Non-Major Fund: | |
| Classroom Facilities | 19,500 |
| Total Non-Major Fund | <u>19,500</u> |
| Total Encumbrance | <u><u>\$136,256</u></u> |

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

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

| FEDERAL GRANTOR/ Pass Through Grantor Program / Cluster Title | Grant Year | Federal CFDA Number | Receipts | Expenditures |
|--|-----------------------|------------------------------------|----------------------------|----------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Child Nutrition Cluster: | | | | |
| School Breakfast Program | 2014 | 10.553 | \$ 64,129 | \$ 64,129 |
| National School Lunch Program | 2014 | 10.555 | 165,690 | 165,690 |
| Total Child Nutrition Cluster | | | <u>229,819</u> | <u>229,819</u> |
| Total U.S. Department of Agriculture | | | 229,819 | 229,819 |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Direct from Federal Government:</i> | | | | |
| Student Financial Aid Cluster: | | | | |
| Federal Direct Loan Program | 2013 | 84.268 | 258,132 | 258,132 |
| Federal Direct Loan Program | 2014 | | 944,499 | 944,499 |
| Federal Pell Grant Program | 2013 | 84.063 | 92,635 | 92,635 |
| Federal Pell Grant Program | 2014 | | 846,902 | 846,902 |
| Total Student Financial Aid Cluster | | | <u>2,142,168</u> | <u>2,142,168</u> |
| Rural Education | 2014 | 84.358A | 41,381 | 41,381 |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Career and Technical Education- Basic Grants to States | 2014 | 84.048 | 379,830 | 377,515 |
| Improving Teacher Quality State Grants | 2014 | 84.367 | <u>0</u> | <u>1,997</u> |
| Total U.S. Department of Education | | | <u>2,563,379</u> | <u>2,563,061</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$ 2,793,198</u> | <u>\$ 2,792,880</u> |

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

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto County Career Technical Center, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of the Report

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

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

Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2014



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Scioto County Career Technical Center's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Scioto County Career Technical Center's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

December 19, 2014

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO 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? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under §.510(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Student Financial Aid Cluster – Federal Pell Grant Program and Federal Direct Loan Program: CFDA #s 84.063 and 84.268 Child Nutrition Cluster – CFDA# 10.553 and 10.555 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | Yes |

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

SCIOTO COUNTY CAREER TECHNICAL CENTER

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2014**