APOLLO CAREER CENTER
ALLEN COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Dave Yost · Auditor of State

APOLLO CAREER CENTER
ALLEN COUNTY

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ALLEN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Career Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Career Center's internal control. Accordingly, we express no such 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.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688
www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Career Center restated the June 30, 2016 net position of the Governmental Activities and the Adult Education Fund in the Business-Type Activity. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information 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 15, 2017, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2017

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The discussion and analysis of Apollo Career Center's (the "Career Center") financial performance provides an overview of the Career Center's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Apollo Career Center's financial position.

The statement of net position and the statement of activities provide information about the activities of the Career Center as a whole, presenting both an aggregate and a longer-term view of the Career Center.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Career Center's most significant funds individually and the Career Center's non-major funds in a single column. The Career Center's major funds are the General Fund, the Bond Retirement debt service fund, the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds, and the Adult Education enterprise fund.

REPORTING THE CAREER CENTER AS A WHOLE

The statement of net position and the statement of activities reflect how the Career Center did financially during fiscal year 2017. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the Career Center's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Career Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors can include changes in the Career Center's property tax base and the condition of the Career Center's capital assets. These factors must be considered when assessing the overall health of the Career Center.

In the statement of net position and the statement of activities, the Career Center is divided into two types of activities:

- Governmental Activities - Most of the Career Center's programs and services are reported here, including instruction, support services, noninstructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

- Business-Type Activity - This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The Career Center's adult education program is reported here.

REPORTING THE CAREER CENTER'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Career Center's major funds. The Career Center's major funds are the General Fund, the Bond Retirement debt service fund, the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds, and the Adult Education enterprise fund. While the Career Center uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The Career Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Career Center's basic services are reported in these funds and focus on how money flows into and out of the funds as well as the balances available for spending at fiscal year end. These funds are reported using the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's operations.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Career Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Enterprise Fund - The Career Center's enterprise fund uses the accrual basis of accounting, the same as that used for the business-type activity on the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Career Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Career Center's programs. These funds use the accrual basis of accounting.

Notes to the Financial Statements - The notes to the financial statements provide additional information that is essential to a full understanding of the data provided on the government-wide and fund financial statements.

THE CAREER CENTER AS A WHOLE

Table 1 provides a summary of the Career Center's net position for fiscal year 2017 and fiscal year 2016:

Table 1
Net Position

	Governmental Activities		Business-Type Activity		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	$21,159,657	$25,008,858	$766,995	$639,548	$21,926,652	$25,648,406
Capital Assets, Net	46,909,405	46,399,877	9,211,289	9,207,675	56,120,694	55,607,552
Total Assets	68,069,062	71,408,735	9,978,284	9,847,223	78,047,346	81,255,958

(continued)

Apollo Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activity		Total	
	2017	2016	2017	2016	2017	2016
Deferred Outflows of Resources						
Pension	$3,383,198	$1,536,772	$830,409	$416,768	$4,213,607	$1,953,540
Liabilities						
Current and Other Liabilities	1,434,583	3,383,025	180,111	206,930	1,614,694	3,589,955
Long-Term Liabilities						
Pension	18,176,389	15,537,509	4,480,289	4,231,431	22,656,678	19,768,940
Other Amounts	31,319,821	31,207,293	102,815	184,321	31,422,636	31,391,614
Total Liabilities	50,930,793	50,127,827	4,763,215	4,622,682	55,694,008	54,750,509
Deferred Inflows of Resources						
Pension	714,249	1,117,869	506,768	310,294	1,221,017	1,428,163
Other Amounts	5,280,718	4,869,581	0	0	5,280,718	4,869,581
Total Deferred Inflows of Resources	5,994,967	5,987,450	506,768	310,294	6,501,735	6,297,744
Net Position						
Net Investment in Capital Assets	24,435,763	24,244,699	9,211,289	9,127,169	33,647,052	33,371,868
Restricted	3,692,555	6,696,518	0	0	3,692,555	6,696,518
Unrestricted (Deficit)	(13,601,818)	(14,110,987)	(3,672,579)	(3,796,154)	(17,274,397)	(17,907,141)
Total Net Position (Deficit)	$14,526,500	$16,830,230	$5,538,710	$5,331,015	$20,065,210	$22,161,245

The net pension liability reported by the Career Center at June 30, 2017, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions". For reasons discussed below, end users of these financial statements will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

GASB Statement No. 68 requires the net pension liability to equal the Career Center's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

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

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

In accordance with GASB Statement No. 68, the Career Center's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred outflows/inflows.

Pension related changes noted in the above table reflect a significant increase in deferred outflows and a decrease in deferred inflows related to changes in projected and actual earnings on investments related to the net pension liability. The increase in the net pension liability represents the Career Center's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability.

For governmental activities, there was a decrease in current and other assets of $3.8 million. This was primarily cash and cash equivalents spent for construction activities. This decrease in also reflected in the decrease in restricted net position. The decrease in current and other liabilities was also construction related; the outstanding obligation for contracts and retainage was less at the end of fiscal year 2017 due to construction activities winding down.

For the business-type activity, the increase in current and other assets was primarily due to an increase in cash and cash equivalents on hand at fiscal year end. The decrease in other long-term liabilities represents the retirement of the building assistance loan.

Table 2 reflects the change in net position for fiscal year 2017 and fiscal year 2016.

Table 2
Change in Net Position

	Governmental Activities		Business-Type Activity		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues						
Charges for Services	$1,334,190	$1,093,085	$2,368,668	$2,165,086	$3,702,858	$3,258,171
Operating Grants and Contributions	3,222,299	2,986,186	428,267	419,374	3,650,566	3,405,560
Total Program Revenues	4,556,489	4,079,271	2,796,935	2,584,460	7,353,424	6,663,731
General Revenues						
Property Taxes	5,942,292	5,573,067	0	0	5,942,292	5,573,067
Grants and Entitlements not Restricted to Specific Programs	4,509,837	4,650,048	0	0	4,509,837	4,650,048
Interest	86,911	119,099	3,578	1,486	90,489	120,585
Gifts and Donations	0	2,339	0	0	0	2,339
Miscellaneous	411,456	351,912	454,868	286,304	866,324	638,216
Total General Revenues	10,950,496	10,696,465	458,446	287,790	11,408,942	10,984,255
Total Revenues	15,506,985	14,775,736	3,255,381	2,872,250	18,762,366	17,647,986
Expenses						
Instruction:						
Regular	421,659	380,195	0	0	421,659	380,195
Special	193,233	164,999	0	0	193,233	164,999
Vocational	8,494,518	5,710,197	0	0	8,494,518	5,710,197
Adult/Continuing	412,742	301,371	0	0	412,742	301,371
Support Services:						
Pupils	549,067	537,644	0	0	549,067	537,644
Instructional Staff	1,075,590	1,035,699	0	0	1,075,590	1,035,699
Board of Education	59,599	68,240	0	0	59,599	68,240
Administration	862,090	721,017	0	0	862,090	721,017
Fiscal	543,717	478,630	0	0	543,717	478,630
Business	4,592	0	0	0	4,592	0
Operation of Maintenance of Plant	1,685,334	1,372,261	0	0	1,685,334	1,372,261
Pupil Transportation	41,221	8,512	0	0	41,221	8,512
Central	818,155	657,144	0	0	818,155	657,144
Non-Instructional Services	433,602	315,865	0	0	433,602	315,865
Extracurricular Activities	43,741	35,995	0	0	43,741	35,995
Interest and Fiscal Charges	1,869,101	1,482,608	0	0	1,869,101	1,482,608
Adult Education	0	0	3,350,440	3,083,903	3,350,440	3,083,903
Total Expenses	17,507,961	13,270,377	3,350,440	3,083,903	20,858,401	16,354,280
Increase (Decrease) in Net Position Before Transfers	(2,000,976)	1,505,359	(95,059)	(211,653)	(2,096,035)	1,293,706
Transfers	(302,754)	(7,053,218)	302,754	7,053,218	0	0
Increase (Decrease) in Net Position	(2,303,730)	(5,547,859)	207,695	6,841,565	(2,096,035)	1,293,706
Net Position (Deficit) at Beginning of Year	16,830,230	22,378,089	5,331,015	(1,510,550)	22,161,245	20,867,539
Net Position (Deficit) at End of Year	$14,526,500	$16,830,230	$5,538,710	$5,331,015	$20,065,210	$22,161,245

For governmental activities, program revenues represented almost 29 percent of total revenues for fiscal year 2017 (28 percent in fiscal year 2016) and are primarily represented by tuition, sales of goods or services developed by the various career training classes, charges for providing lunches to students, and grants for specified purposes. The increase in charges for services is primarily an increase in tuition and in food service sales. The increase in operating grants and contributions was largely due to additional State foundation resources. The change is general revenues from the prior fiscal year was not significant.

The increase in expenses is generally due to salary and benefit increases and the impact of the increase in the net pension liability.

For the business-type activity, the increase in revenues was due to an increase in tuition and in miscellaneous revenues (GED fees, overhead costs, etc.). The increase in expenses is due to an increase in salary and benefit costs, and increase in the net pension liability, and an increase in depreciation.

Table 3, indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction:				
Regular	$421,659	$380,195	$421,659	$380,195
Special	193,233	164,999	(366,267)	(442,335)
Vocational	8,494,518	5,710,197	5,164,120	2,861,122
Adult/Continuing	412,742	301,371	101,222	(20,160)
Support Services:				
Pupils	549,067	537,644	549,067	537,644
Instructional Staff	1,075,590	1,035,699	1,073,790	1,033,899
Board of Education	59,599	68,240	59,599	68,240
Administration	862,090	721,017	862,090	721,017
Fiscal	543,717	478,630	543,717	478,630
Business	4,592	0	4,592	0
Operation and Maintenance of Plant	1,685,334	1,372,261	1,685,334	1,372,261
Pupil Transportation	41,221	8,512	41,221	8,512
Central	818,155	657,144	818,155	657,144
Noninstructional Services	433,602	315,865	80,331	16,334
Extracurricular Activities	43,741	35,995	43,741	35,995
Interest and Fiscal Charges	1,869,101	1,482,608	1,869,101	1,482,608
Total Expenses	$17,507,961	$13,270,377	$12,951,472	$9,191,106

Cost of services for governmental activities were financed through user charges and grants awarded for specific programs, in the amount of $4,556,489, or 26 percent, for fiscal year 2017.

The most significant program revenues from restricted grants are associated with the special, vocational, and the adult/continuing instruction programs, along with noninstructional services. Program revenues for special, vocational, and adult/continuing instruction programs are principally received from tuition received through open enrollment and operating grants, contributions, and interest to support operations. The noninstructional services program costs primarily funded through user charges from cafeteria sales and state and federal subsidies.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds.

Fund balance increased almost $1.4 million in the General Fund. Revenues increase 5 percent with modest increases in most revenue sources. Expenditures also increased approximately 4 percent; there were modest increase in most programs.

Fund balance decreased $194,193 in the Bond Retirement debt service fund as debt service requirements exceeded property tax related collections for the fiscal year.

The Locally Funded Initiatives capital projects fund had a significant decrease in fund balance due to resources being spent for ongoing construction.

The Ohio Vocational Facilities Assistance capital projects fund also had a significant decrease in fund balance as resources were spent for construction and renovation.

BUSINESS-TYPE ACTIVITY FINANCIAL ANALYSIS

The Career Center's enterprise fund is the Adult Education fund. The increase in net position was due to the contribution of capital assets from governmental activities.

GENERAL FUND BUDGETING HIGHLIGHTS

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

During fiscal year 2017, the Career Center amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget were not significant. Actual revenues exceeded budget expectations by 4 percent, generally due to conservative budgeting. For expenditures, there was a 6 percent increase in the final budget from the original budget, primarily related to the vocational instruction program. Actual expenditures more closely mirrored the original appropriations.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Career Center's investment in capital assets for governmental and business-type activities as of June 30, 2017, was $46,909,405 and $9,211,289, respectively (net of accumulated depreciation). Capital assets for governmental activities increased significantly from completing construction and renovation of the instructional facilities along with furnishings and equipment. This was also the situation for the business-type activity additions. There were no disposals for governmental activities. Disposals for the business-type activity were primarily equipment and vehicles. For further information regarding the Career Center's capital assets, refer to Note 10 to the basic financial statements.

Debt

At June 30, 2017, the Career Center's overall long-term obligations consisted of general obligation bonds, in the amount of $30,753,281. The Career Center's long-term obligations also include the net pension liability and compensated absences. For further information regarding the Career Center's long-term obligations, refer to Note 17 to the basic financial statements.

CURRENT ISSUES

The construction project (remodel/renovation/additions) that began in 2014 was completed in fiscal year 2017. The project is expected to be officially closed out in fiscal year 2018. The construction included the renovation of the existing structures for the high school and adult education facilities, along with an additional 81,000 square feet of instructional space. The construction was funded with general obligation bonds and State provided resources.

The Board of Education settled negotiations with the Apollo Education Association in June 2016 with a three-year contract. The contract provided for a 2 percent increase in the first year and a 1.5 percent increase in each of the next two years. The employees began paying 15 percent of the health and dental premiums in January 2016 and will continue to pay the same percentage through December 31, 2019. There is no administrative or classified union.

The General Fund has increased the June 30 fund balance each of the past four years and the current five-year forecast projects, without any new levies, a higher balance in June 2022 than it had in June 2017. The General Fund millage has remained at 1.7 mills since 1982.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Career Center's finances for all those interested in our Career Center's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Maria Rellinger, Treasurer, Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

Apollo Career Center
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$14,300,103	$580,670	$14,880,773
Cash and Cash Equivalents with Escrow Agents	53,179	0	53,179
Accounts Receivable	249,087	114,066	363,153
Accrued Interest Receivable	17,118	0	17,118
Intergovernmental Receivable	95,730	49,704	145,434
Prepaid Items	69,124	22,555	91,679
Property Taxes Receivable	6,375,316	0	6,375,316
Nondepreciable Capital Assets	320,294	20,914	341,208
Depreciable Capital Assets, Net	46,589,111	9,190,375	55,779,486
Total Assets	68,069,062	9,978,284	78,047,346
Deferred Outflows of Resources			
Pension	3,383,198	830,409	4,213,607
Liabilities			
Accrued Wages and Benefits Payable	877,736	153,226	1,030,962
Matured Compensated Absences Payable	7,470	0	7,470
Accounts Payable	28,412	1,966	30,378
Contracts Payable	192,170	0	192,170
Intergovernmental Payable	152,487	24,919	177,406
Retainage Payable	53,179	0	53,179
Accrued Interest Payable	123,129	0	123,129
Long-Term Liabilities			
Due Within One Year	150,229	10,364	160,593
Due in More Than One Year			
Net Pension Liability	18,176,389	4,480,289	22,656,678
Other Amounts Due in More Than One Year	31,169,592	92,451	31,262,043
Total Liabilities	50,930,793	4,763,215	55,694,008
Deferred Inflows of Resources			
Property Taxes	5,280,718	0	5,280,718
Pension	714,249	506,768	1,221,017
Total Deferred Inflows of Resources	5,994,967	506,768	6,501,735
Net Position			
Net Investment in Capital Assets	24,435,763	9,211,289	33,647,052
Restricted for:			
Debt Service	474,974	0	474,974
Capital Projects	1,800,684	0	1,800,684
School Facility Maintenance	1,341,188	0	1,341,188
Other Purposes	75,709	0	75,709
Unrestricted (Deficit)	(13,601,818)	(3,672,579)	(17,274,397)
Total Net Position	$14,526,500	$5,538,710	$20,065,210

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2017

		Program Revenues	
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest
Governmental Activities			
Instruction:			
Regular	$421,659	$0	$0
Special	193,233	0	559,500
Vocational	8,494,518	1,129,651	2,200,747
Adult/Continuing	412,742	0	311,520
Support Services:			
Pupils	549,067	0	0
Instructional Staff	1,075,590	0	1,800
Board of Education	59,599	0	0
Administration	862,090	0	0
Fiscal	543,717	0	0
Business	4,592	0	0
Operation and Maintenance of Plant	1,685,334	0	0
Pupil Transportation	41,221	0	0
Central	818,155	0	0
Noninstructional Services	433,602	204,539	148,732
Extracurricular Activities	43,741	0	0
Interest and Fiscal Charges	1,869,101	0	0
Total Governmental Activities	17,507,961	1,334,190	3,222,299
Business-Type Activity			
Adult Education	3,350,440	2,368,668	428,267
Total	$20,858,401	$3,702,858	$3,650,566

General Revenues
Property Taxes Levied for:
General Purposes
School Facility Maintenance
Debt Service
Permanent Improvement
Grants and Entitlements not Restricted to Specific Programs
Interest
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year - Restated (Note 3)

Net Position at End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Change in Net Position		
Governmental Activities	Business-Type Activity	Total
($421,659)	$0	($421,659)
366,267	0	366,267
(5,164,120)	0	(5,164,120)
(101,222)	0	(101,222)
(549,067)	0	(549,067)
(1,073,790)	0	(1,073,790)
(59,599)	0	(59,599)
(862,090)	0	(862,090)
(543,717)	0	(543,717)
(4,592)	0	(4,592)
(1,685,334)	0	(1,685,334)
(41,221)	0	(41,221)
(818,155)	0	(818,155)
(80,331)	0	(80,331)
(43,741)	0	(43,741)
(1,869,101)	0	(1,869,101)
(12,951,472)	0	(12,951,472)
0	(553,505)	(553,505)
(12,951,472)	(553,505)	(13,504,977)
3,552,710	0	3,552,710
359,419	0	359,419
1,339,052	0	1,339,052
691,111	0	691,111
4,509,837	0	4,509,837
86,911	3,578	90,489
411,456	454,868	866,324
10,950,496	458,446	11,408,942
(302,754)	302,754	0
10,647,742	761,200	11,408,942
(2,303,730)	207,695	(2,096,035)
16,830,230	5,331,015	22,161,245
$14,526,500	$5,538,710	$20,065,210

Apollo Career Center
Balance Sheet
Governmental Funds
June 30, 2017

	General	Bond Retirement	Locally Funded Initiatives	Ohio Vocational Facilities Assistance
Assets				
Equity in Pooled Cash and Cash Equivalents	$9,640,349	$963,711	$481,000	$375,536
Accounts Receivable	3,913	0	0	0
Accrued Interest Receivable	17,118	0	0	0
Interfund Receivable	265,321	0	0	0
Intergovernmental Receivable	10,574	0	0	0
Prepaid Items	68,511	0	0	0
Restricted Assets:				
Cash and Cash Equivalents with Escrow Agents	0	0	18,820	34,359
Property Taxes Receivable	3,759,211	1,514,689	0	0
Total Assets	$13,764,997	$2,478,400	$499,820	$409,895
Liabilities				
Accrued Wages and Benefits Payable	$861,930	$0	$0	$0
Matured Compensated Absences Payable	7,470	0	0	0
Accounts Payable	14,282	0	4,778	7,083
Contracts Payable	0	0	68,589	123,581
Interfund Payable	0	0	0	0
Intergovernmental Payable	139,878	0	0	0
Payable from Restricted Assets:				
Retainage Payable	0	0	18,820	34,359
Total Liabilities	1,023,560	0	92,187	165,023
Deferred Inflows of Resources				
Property Taxes	3,103,438	1,263,950	0	0
Unavailable Revenues	147,763	51,250	0	0
Total Deferred Inflows of Resources	3,251,201	1,315,200	0	0
Fund Balances				
Nonspendable	68,511	0	0	0
Restricted	0	1,163,200	407,633	244,872
Committed	300,000	0	0	0
Assigned	4,357,980	0	0	0
Unassigned	4,763,745	0	0	0
Total Fund Balances	9,490,236	1,163,200	407,633	244,872
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$13,764,997	$2,478,400	$499,820	$409,895

See accompanying notes to the basic financial statements

Other Governmental	Total
$2,839,507	$14,300,103
245,174	249,087
0	17,118
0	265,321
85,156	95,730
613	69,124
0	53,179
1,101,416	6,375,316
$4,271,866	$21,424,978
$15,806	$877,736
0	7,470
2,269	28,412
0	192,170
265,321	265,321
12,609	152,487
0	53,179
296,005	1,576,775
913,330	5,280,718
70,268	269,281
983,598	5,549,999
613	69,124
2,498,685	4,314,390
64,897	364,897
428,068	4,786,048
0	4,763,745
2,992,263	14,298,204
$4,271,866	$21,424,978

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Apollo Career Center
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2017

Total Governmental Fund Balances		$14,298,204
Amounts reported for governmental activities on the statement of net position are different because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		46,909,405
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Accounts Receivable	3,343	
Accrued Interest Receivable	10,426	
Intergovernmental Receivable	32,306	
Delinquent Property Taxes Receivable	223,206	
		269,281
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued Interest Payable	(123,129)	
General Obligation Bonds Payable	(30,753,281)	
Compensated Absences Payable	(566,540)	
		(31,442,950)
The net pension liability is not due and payable in the current period, therefore, the liability and related deferred outflows/inflows are not reported in the governmental funds.		
Deferred Outflows - Pension	3,383,198	
Deferred Inflows - Pension	(714,249)	
Net Pension Liability	(18,176,389)	
		(15,507,440)
Net Position of Governmental Activities		$14,526,500

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Bond Retirement	Locally Funded Initiatives	Ohio Vocational Facilities Assistance
Revenues				
Property Taxes	$3,475,211	$1,307,714	$0	$0
Intergovernmental	6,359,530	171,762	0	0
Interest	54,180	9,442	5,068	6,285
Tuition and Fees	1,000,481	0	0	0
Charges for Services	128,450	0	0	0
Miscellaneous	411,666	0	0	0
Total Revenues	11,429,518	1,488,918	5,068	6,285
Expenditures				
Current:				
Instruction:				
Regular	360,570	0	0	0
Special	84,784	0	0	0
Vocational	5,062,288	0	0	0
Adult/Continuing	0	0	0	0
Support Services:				
Pupils	484,052	0	0	0
Instructional Staff	646,135	0	0	0
Board of Education	55,837	0	0	0
Administration	742,080	0	0	0
Fiscal	475,401	22,868	0	0
Operation and Maintenance of Plant	1,387,418	0	0	0
Pupil Transportation	7,736	0	0	0
Central	707,384	0	0	0
Noninstructional Services	406	0	0	0
Extracurricular Activities	43,741	0	0	0
Capital Outlay	1,903	0	1,296,115	2,370,946
Debt Service:				
Principal Retirement	0	180,000	0	0
Interest and Fiscal Charges	0	1,480,243	0	0
Total Expenditures	10,059,735	1,683,111	1,296,115	2,370,946
Changes in Fund Balances	1,369,783	(194,193)	(1,291,047)	(2,364,661)
Fund Balances at Beginning of Year	8,120,453	1,357,393	1,698,680	2,609,533
Fund Balances at End of Year	$9,490,236	$1,163,200	$407,633	$244,872

See accompanying notes to the basic financial statements

Other Governmental	Total
$1,029,925	$5,812,850
922,953	7,454,245
7,908	82,883
0	1,000,481
204,539	332,989
246,367	658,033
2,411,692	15,341,481
16,329	376,899
105,824	190,608
723,443	5,785,731
168,529	168,529
55,000	539,052
386,997	1,033,132
0	55,837
66,468	808,548
17,666	515,935
73,734	1,461,152
75,178	82,914
66,865	774,249
321,564	321,970
0	43,741
278,744	3,947,708
53,333	233,333
0	1,480,243
2,409,674	17,819,581
2,018	(2,478,100)
2,990,245	16,776,304
$2,992,263	$14,298,204

Apollo Career Center
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to Statement of Activities
For the Fiscal Year Ended June 30, 2017

Changes in Fund Balances - Total Governmental Funds		($2,478,100)
Amounts reported for governmental activities on the statement of activities are different because of the following:		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current fiscal year.		
Capital Outlay - Depreciable Assets	2,050,601	
Depreciation	(1,541,073)	
		509,528
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Delinquent Property Taxes	129,442	
Intergovernmental	32,306	
Interest	4,310	
Tuition and Fees	720	
Miscellaneous	(1,274)	
		165,504
Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
General Obligation Bonds Payable	180,000	
Loans Payable	53,333	
		233,333
Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities.		
Accrued Interest Payable	700	
Annual Accretion	(413,808)	
Amortization of General Obligation Bond Premium	24,250	
		(388,858)
Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		43,697
Except for amounts reported as deferred outflows/inflows, changes in the net pension liability are reported as pension expense on the statement of activities.		(1,296,526)
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.		907,692
Change in Net Position of Governmental Activities		($2,303,730)

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over (Under)
Revenues				
Property Taxes	$3,421,000	$3,421,000	$3,537,607	$116,607
Intergovernmental	6,433,300	6,433,300	6,359,530	(73,770)
Interest	70,000	70,000	80,356	10,356
Tuition and Fees	835,000	835,000	1,000,481	165,481
Charges for Services	112,000	117,000	128,450	11,450
Miscellaneous	221,500	220,500	427,797	207,297
Total Revenues	11,092,800	11,096,800	11,534,221	437,421
Expenditures				
Current:				
Instruction:				
Regular	390,500	390,500	358,559	31,941
Special	110,800	110,800	83,139	27,661
Vocational	5,672,000	5,672,000	5,027,565	644,435
Support Services:				
Pupils	593,500	593,500	483,049	110,451
Instructional Staff	637,700	637,700	644,835	(7,135)
Board of Education	69,300	69,300	65,748	3,552
Administration	732,500	732,500	740,175	(7,675)
Fiscal	471,500	471,500	478,632	(7,132)
Operation and Maintenance of Plant	1,458,500	1,458,500	1,443,300	15,200
Pupil Transportation	2,000	2,000	12,079	(10,079)
Central	683,500	683,500	733,592	(50,092)
Extracurricular Activities	33,000	33,000	47,109	(14,109)
Capital Outlay	2,000	2,000	2,303	(303)
Health Trust				
Noninstructional Services	0	500	406	94
Total Expenditures	10,856,800	10,857,300	10,120,491	736,809
Excess of Revenues Over Expenditures	236,000	239,500	1,413,730	1,174,230
Other Financing Sources (Uses)				
Other Financing Uses	(8,083,966)	(8,083,966)	0	8,083,966
Advances In	179,000	179,000	179,000	0
Advances Out	(190,000)	(190,000)	(225,000)	(35,000)
Total Other Financing Sources (Uses)	(8,094,966)	(8,094,966)	(46,000)	8,048,966
Changes in Fund Balance	(7,858,966)	(7,855,466)	1,367,730	9,223,196
Fund Balance at Beginning of Year	7,917,863	7,917,863	7,917,863	0
Prior Year Encumbrances Appropriated	245,440	245,440	245,440	0
Fund Balance at End of Year	$304,337	$307,837	$9,531,033	$9,223,196

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Fund Net Position
Enterprise Fund
June 30, 2017

	Adult Education
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$580,670
Accounts Receivable	114,066
Intergovernmental Receivable	49,704
Prepaid Items	22,555
Total Current Assets	766,995
Noncurrent Assets	
Nondepreciable Capital Assets	20,914
Depreciable Capital Assets, Net	9,190,375
Total Noncurrent Assets	9,211,289
Total Assets	9,978,284
Deferred Outflows of Resources	
Pension	830,409
Liabilities	
Current Liabilities	
Accrued Wages and Benefits Payable	153,226
Accounts Payable	1,966
Intergovernmental Payable	24,919
Compensated Absences Payable	10,364
Total Current Liabilities	190,475
Noncurrent Liabilities	
Compensated Absences Payable	92,451
Net Pension Liability	4,480,289
Total Long-Term Liabilities	4,572,740
Total Liabilities	4,763,215
Deferred Inflows of Resources	
Pension	506,768
Net Position	
Net Investment in Capital Assets	9,211,289
Unrestricted (Deficit)	(3,672,579)
Total Net Position	$5,538,710

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Revenues, Expenses, and Change in Fund Net Position
Enterprise Fund
For the Fiscal Year Ended June 30, 2017

	Adult Education
Operating Revenues	
Charges for Services	$2,368,668
Miscellaneous	454,868
Total Operating Revenues	2,823,536
Operating Expenses	
Personal Services	1,660,128
Fringe Benefits	423,110
Materials and Supplies	440,430
Contractual Services	412,086
Depreciation	263,554
Other	115,546
Total Operating Expenses	3,314,854
Operating Loss	(491,318)
Non-Operating Revenues (Expenses)	
Interest Revenue	3,578
Grants	428,267
Loss on Disposal of Capital Assets	(35,586)
Total Non-Operating Revenues (Expenses)	396,259
Income Before Contributions	(95,059)
Capital Contributions	302,754
Change in Net Position	207,695
Net Position at Beginning of Year - Restated (Note 3)	5,331,015
Net Position at End of Year	$5,538,710

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2017

	Adult Education
Increase in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Customers	$2,333,011
Cash Received from Miscellaneous Revenues	466,725
Cash Payments for Personal Services	(1,646,073)
Cash Payments for Fringe Benefits	(390,234)
Cash Payments for Materials and Supplies	(442,152)
Cash Payments for Contractual Services	(415,281)
Cash Payments for Other Expenses	(155,798)
Net Cash Used for Operating Activities	(249,802)
Cash Flows from Noncapital Financing Activities	
Cash Received from Grants	428,267
Cash Flows from Capital and Related Financing Activities	
Cash Payments for Loan Principal	(80,506)
Cash Flows from Investing Activities	
Interest Revenue	3,578
Net Increase in Cash and Cash Equivalents	101,537
Cash and Cash Equivalents at Beginning of Year	479,133
Cash and Cash Equivalents at End of Year	$580,670
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($491,318)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	263,554
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(26,584)
Decrease in Intergovernmental Receivable	2,784
Increase in Prepaid Items	(2,110)
Increase in Accrued Wages and Benefits Payable	15,055
Decrease in Accounts Payable	(1,896)
Decrease in Intergovernmental Payable	(39,978)
Decrease in Compensated Absences Payable	(1,000)
Increase in Net Pension Liability	35,718
Decrease in Deferred Outflows - Pension	270,039
Decrease in Deferred Inflows - Pension	(274,066)
Net Cash Used for Operating Activities	($249,802)

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$426,185	$56,025
Liabilities		
Due to Students	0	$55,225
Undistributed Assets	0	800
Total Liabilities	0	$56,025
Net Position		
Held in Trust for Scholarships	$426,185	

See accompanying notes to the basic financial statements

Apollo Career Center
Statement of Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

Additions	
Interest	$17,925
Gifts and Donations	108,598
Total Additions	126,523
Deductions	
Noninstructional Services	87,160
Change in Net Position	39,363
Net Position at Beginning of Year	386,822
Net Position at End of Year	$426,185

See accompanying notes to the basic financial statements

Note 1 - Description of the Career Center and Reporting Entity

Apollo Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating School District's elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established on February 12, 1973. The Career Center serves Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert counties. It is staffed by forty-one classified employees, sixty-six certified teaching personnel, and twelve administrators who provide services to one thousand seven hundred and seven students and other community members. The Career Center currently operates seven instructional buildings.

Reporting Entity

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Note 2 - Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the Career Center that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

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

Fund Financial Statements

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

B. Fund Accounting

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

Note 2 - Summary of Significant Accounting Policies (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Career Center are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The Career Center's major governmental funds are the General Fund, the Bond Retirement debt service fund, and the Locally Funded Initiatives and Ohio Vocational Facilities Assistance capital projects funds.

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

Locally Funded Initiatives Fund - The Locally Funded Initiatives Fund is used to account for the proceeds of general obligation bonds restricted for the construction and renovation of instructional buildings.

Ohio Vocational Facilities Assistance Fund - The Ohio Vocational Facilities Assistance Fund is used to account for grants received from the Ohio School Facilities Commission and the proceeds of general obligation bonds restricted for the construction and renovation of instructional buildings.

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, change in net position, financial position, and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Career Center's only enterprise fund:

Adult Education Fund - The Adult Education enterprise fund is used to account for tuition charges and grants restricted for adult education.

Note 2 - Summary of Significant Accounting Policies (continued)

Fiduciary Funds

Fiduciary fund reporting focuses on net position and change in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds account for unallocated Pell grants and various noninstructional staff-related and student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Note 2 - Summary of Significant Accounting Policies (continued)

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and explained in Note 14 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Career Center, deferred inflows of resources consists of property taxes, unavailable revenue, and pension. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. This amount has been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes accrued interest, intergovernmental receivables including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. For further details on unavailable revenue, refer to the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities on page 19. Deferred inflows or resources related to pension are reported on the government-wide statement of net position and explained in Note 14 to the basic financial statements.

Expenses/Expenditures

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

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget (five-year forecast), the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources requested by the Career Center prior to fiscal year end.

Note 2 - Summary of Significant Accounting Policies (continued)

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

F. Cash and Investments

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

Cash and cash equivalents that are held separately for the Career Center by escrow agents for payment of retainage to contractors upon project completion are recorded as "Cash and Cash Equivalents with Escrow Agents".

During fiscal year 2017, the Career Center's investments included negotiable certificates of deposit, federal agency securities, mutual funds, commercial paper, and STAR Ohio. Investments reported at fair value are based on quoted market price, current share price, or amortized cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The Career Center measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant are combined for this purpose.

The Career Center's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time purchase of less than one year.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 was $54,180, which included $10,052 assigned from other Career Center funds.

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

Note 2 - Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions.

Resources set aside in separate escrow accounts, whose use is limited to the payment of retainage to contractors, are reported as restricted.

I. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The Career Center maintains a capitalization threshold of five thousand dollars. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activity Estimated Lives
Land Improvements	20 years	20 - 40 years
Buildings and Building Improvements	20 - 92 years	10 - 77 years
Furniture, Fixtures, and Equipment	5 - 20 years	8 - 20 years
Vehicles	8 years	8 years

Note 2 - Summary of Significant Accounting Policies (continued)

J. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund loans are classified as “Interfund Receivables/Payables”. Interfund balances are eliminated on the statement of net position, except for any net residual amounts due between governmental and business-type activities. These amounts are presented as “Internal Balances”.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Career Center’s past experience of making termination payments. Accumulated unused sick leave is paid to employees who retire at various rates depending on department policy and length of service.

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent 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 employees who have accumulated unpaid leave are paid.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Unamortized Premiums

On government-wide financial statements, premiums are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable.

Note 2 - Summary of Significant Accounting Policies (continued)

On the governmental fund financial statements, bond premiums are recognized in the period when the debt is issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited in the Bond Retirement Fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to a bond escrow agent.

N. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations and federal and state grants. The Career Center's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" 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 are imposed by law through constitutional provisions.

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

Assigned - Amounts in the assigned classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education has also assigned fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2018 budget. Certain resources have also been assigned for capital improvements.

Note 2 - Summary of Significant Accounting Policies (continued)

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.

The Career Center first applies restricted resources when an expenditure is 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 can be used.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the Career Center, these revenues are charges for services for adult education. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Q. Pension

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

R. Estimates

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

Note 3 - Change in Accounting Principle and Restatement of Net Position

For fiscal year 2017, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures". GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The Career Center also implemented GASB Implementation Guide No. 2016-1. These changes were incorporated in the Career Center's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 3 - Change in Accounting Principle and Restatement of Net Position (continued)

The Career Center did not properly allocate capital assets to the Adult Education enterprise fund. The restatement had the following effect on net position of the Career Center as previously reported.

	Governmental Activities	Adult Education
Net Position at June 30, 2016	$24,641,888	($2,271,895)
Nondepreciable Capital Assets	(7,053,218)	7,053,218
Depreciable Capital Assets	(898,265)	856,780
Accumulated Depreciation	139,825	(307,088)
Adjusted Net Position at June 30, 2016	$16,830,230	$5,331,015

Note 4 - Compliance

For the fiscal year ended June 30, 2017, the Straight A special revenue fund and Adult Education enterprise fund had expenditures in excess of appropriations, in the amount of $1,500 and $35,723, respectively. The Treasurer will monitor expenditures to ensure they are within amounts appropriated.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

Note 5 - Budgetary Basis of Accounting (continued)

The adjustments necessary to reconcile the GAAP and budgetary basis statements are as follows:

Changes in Fund Balance

	General
GAAP Basis	$1,369,783
Increase (Decrease) Due To	
Revenue Accruals:	
Accrued FY 2016, Received in Cash FY 2017	615,252
Accrued FY 2017, Not Yet Received in Cash	(539,615)
Expenditure Accruals:	
Accrued FY 2016, Paid in Cash FY 2017	(968,364)
Accrued FY 2017, Not Yet Paid in Cash	1,023,560
Unrecorded Cash Activity FY 2016	642
Change in Fair Value FY 2016	6,657
Change in Fair Value FY 2017	21,767
Prepaid Items	55,452
Advances In	179,000
Advances Out	(225,000)
Encumbrances Outstanding at Year End (Budget Basis)	(171,404)
Budget Basis	$1,367,730

Note 6 - Deposits and Investments

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

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

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

Note 6 - Deposits and Investments (continued)

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations of the State of Ohio and, with certain limitations, bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

7. The State Treasurer's investment pool (STAR Ohio); and

8. Bankers' acceptances and commercial paper if training requirements have been met.

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

Note 6 - Deposits and Investments (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, $5,570 of the Career Center's bank balance of $1,814,177 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at 102 percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in the OPCS will collateralize using the specific pledge method at 105 percent.

Investments

As of June 30, 2017, the Career Center had the following investments.

Measurement/Investment	Total	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	$5,655,941	$1,713,242	$1,226,789	$2,715,910	$0
Federal Home Loan Bank Notes	320,545	0	104,123	0	216,422
Federal Home Loan Mortgage Corporation Notes	689,592	0	0	99,551	590,041
Federal National Mortgage Association Notes	456,006	0	144,699	0	311,307
Federal Farm Credit Bank Notes	104,025	0	104,025	0	0
Mutual Funds	6,633	6,633	0	0	0

(continued)

Note 6 - Deposits and Investments (continued)

Measurement/Investment	Total	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Amortized Cost					
Mutual Funds	$344,685	$344,685	$0	$0	$0
Commercial Paper	2,984,315	2,984,315	0	0	0
Net Value per Share					
STAR Ohio	3,221,099	3,221,099	0	0	0
Total	$13,782,841	$8,269,974	$1,579,636	$2,815,461	$1,117,770

The Career Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Career Center's recurring fair value measurements as of June 30, 2017. The Career Center's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the Career Center. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

The negotiable certificates of deposit are generally covered by FDIC and/or SIPC insurance. The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, and Federal Farm Credit Bank Notes carry a rating of Aaa by Moodys. The mutual funds carry a rating of Aaa by Moodys. The Washington Mutual Investment Fund is not rated and does not have a weighted average life to maturity due to the amount of equity securities that are included in the mutual funds. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The Career Center has no policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Commercial paper must be rated in the highest categories at the time of purchase by two nationally recognized standard rating services. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

Note 6 - Deposits and Investments (continued)

The Career Center places no limit on the amount it may invest in any one issuer or investment type. The following table indicates the percentage of each investment to the total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	$5,655,941	41.04%
Federal Home Loan Bank	320,545	2.33
Federal Home Loan Mortgage Corporation	689,592	5.00
Federal National Mortgage Association	456,006	3.31
Federal Farm Credit Bank	104,025	.75
Commercial Paper	2,984,315	21.65

Note 7 - Receivables

Receivables at June 30, 2017, consisted of accounts (student fees and billings for user charged services), accrued interest, interfund, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Fund	
General Fund	
Bureau of Workers' Compensation	$10,574
Nonmajor Funds	
Food Service	210
Adult Basic Literacy Education Grant	84,946
Total Nonmajor Funds	85,156
Total Governmental Activities	$95,730
Business-Type Activity	
Adult Education	
Tuition	$49,704

Note 8 - Property Taxes

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

Note 8 - Property Taxes (continued)

Property taxes include amounts levied against all real and public utility property located within the area served by the Career Center. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2017, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2017, was $521,735 in the General Fund, $52,350 in the OSFC Maintenance special revenue fund, $199,489 in the Bond Retirement debt service fund, and $97,818 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2016, was $584,131 in the General Fund, $59,009 in the OSFC Maintenance special revenue fund, $209,082 in the Bond Retirement debt service fund, and $112,741 in the Permanent Improvement capital projects fund.

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

Note 8 - Property Taxes (continued)

The assessed values upon which fiscal year 2017 taxes were collected are:

	2016 Second-Half Collections		2017 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	$1,771,662,520	69.92%	$1,815,900,080	69.19%
Commercial/Industrial	620,779,930	24.50	666,703,540	25.40
Public Utility	141,285,880	5.58	141,892,060	5.41
Total Assessed Value	$2,533,728,330	100.00%	$2,624,495,680	100.00%
Tax rate per $1,000 of assessed valuation	$3.00		$3.04	

Note 9 - Tax Abatements

The Career Center's property taxes were reduced as follows under community reinvestment area and enterprise zone agreements entered into by overlapping governments.

Overlapping Government	Amount of Fiscal Year 2017 Taxes Abated
Community Reinvestment Area	
Allen County	$20,198
City of Lima	8,542
Village of Bluffton	212
Village of Columbus Grove	4,734
Village of Spencerville	237
Enterprise Zone Agreements	
Allen County	33,347
City of Lima	845
Putnam County	5,233

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Restated Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17
Governmental Activities				
Nondepreciable Capital Assets				
Land	$320,294	$0	$0	$320,294
Construction in Progress	41,879,834	1,797,663	(43,677,497)	0
Total Nondepreciable Capital Assets	42,200,128	1,797,663	(43,677,497)	320,294
Depreciable Capital Assets				
Land Improvements	275,749	4,808,950	0	5,084,699
Buildings and Building Improvements	7,776,122	36,196,892	0	43,973,014
Furniture, Fixtures, and Equipment	3,153,493	2,849,415	0	6,002,908
Vehicles	580,867	75,178	0	656,045
Total Depreciable Capital Assets	11,786,231	43,930,435	0	55,716,666
Less Accumulated Depreciation				
Land Improvements	(222,649)	(245,648)	0	(468,297)
Buildings and Building Improvements	(5,233,555)	(829,421)	0	(6,062,976)
Furniture, Fixtures, and Equipment	(1,719,310)	(425,943)	0	(2,145,253)
Vehicles	(410,968)	(40,061)	0	(451,029)
Total Accumulated Depreciation	(7,586,482)	(1,541,073)	0	(9,127,555)
Depreciable Capital Assets, Net	4,199,749	42,389,362	0	46,589,111
Governmental Activities Capital Assets, Net	$46,399,877	$44,187,025	($43,677,497)	$46,909,405

	Restated Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17
Business-Type Activity				
Nondepreciable Capital Assets				
Land	$20,914	$0	$0	$20,914
Construction in Progress	7,053,218	302,754	(7,355,972)	0
Total Nondepreciable Capital Assets	7,074,132	302,754	(7,355,972)	20,914

(continued)

Note 10 - Capital Assets (continued)

	Restated Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17
Business-Type Activity (continued)				
Depreciable Capital Assets				
Land Improvements	$416,808	$176,949	($3,000)	$590,757
Buildings and Building Improvements	2,835,368	7,028,692	(55,096)	9,808,964
Furniture, Fixtures, and Equipment	486,977	150,331	(88,317)	548,991
Vehicles	306,813	0	(109,913)	196,900
Total Depreciable Capital Assets	4,045,966	7,355,972	(256,326)	11,145,612
Less Accumulated Depreciation				
Land Improvements	(206,086)	(25,114)	1,575	(229,625)
Buildings and Building Improvements	(1,092,697)	(185,973)	23,795	(1,254,875)
Furniture, Fixtures, and Equipment	(327,452)	(44,217)	85,457	(286,212)
Vehicles	(286,188)	(8,250)	109,913	(184,525)
Total Accumulated Depreciation	(1,912,423)	(263,554)	220,740	(1,955,237)
Depreciable Capital Assets, Net	2,133,543	7,092,418	(35,586)	9,190,375
Business-Type Activity Capital Assets, Net	$9,207,675	$7,395,172	($7,391,558)	$9,211,289

Business-type activities accepted contributions of capital assets from governmental activities, in the amount of $302,754.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$30,800
Vocational	904,316
Adult/Continuing	239,125
Support Services:	
Instructional Staff	28,081
Board of Education	3,080
Administration	13,155
Fiscal	2,246
Business	4,592
Operation and Maintenance of Plant	164,402
Pupil Transportation	33,485
Central	25,987
Noninstructional Services	91,804
Total Depreciation Expense	$1,541,073

Note 11 - Interfund Receivables/Payables

At June 30, 2017, the General Fund had an interfund receivable, in the amount of $265,321, from providing cash flow resources to other governmental funds. This amount is expected to be repaid in one year.

Note 12 - Construction and Other Significant Commitments

The Career Center has outstanding contracts for professional services and construction. The following amounts remain on these contracts as of June 30, 2017:

	Outstanding Balance
Brewer-Garrett Co.	$30,391
Buckeye Educational Systems	17,609
Deer Credit, Inc.	68,326
Murphy Tractor & Equipment Co.	28,000
Shook Touchstone VII LLC	343,123
Smith Boughan	83,700

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in 2018 are as follows:

General Fund	$171,404
Locally Funded Initiatives Fund	133,679
Ohio Vocational Facilities Assistance Fund	239,835
Other Governmental Funds	233,050
Total	$767,968

Note 13 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the Career Center contracted for the following insurance coverage.

SORSA	
Building and Contents - Replacement Cost	$69,278,797
Automobile Liability	15,000,000
Excess Liability	15,000,000
General Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000

Note 13 - Risk Management (continued)

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

In fiscal year 2017, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of ten School Districts and the Allen County Educational Service Center. The Career Center pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The Career Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. The third party administrator, CompManagement, Inc., reviews each participant's claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 14 - Defined Benefit Pension Plans

Net Pension Liability

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

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

Note 14 - Defined Benefit Pension Plans (continued)

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All contributions to date have come solely from the employer (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within thirty years. If the amortization period exceeds thirty years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - Career Center classified employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. The report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Age and service requirements for retirement are as follows.

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

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

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

Note 14 - Defined Benefit Pension Plans (continued)

One year after an effective benefit date, a benefit recipient is entitled to a 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The Career Center's contractually required contribution to SERS was $314,665 for fiscal year 2017. Of this amount, $16,091 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Career Center licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a publicly available stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. The report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). Benefits are established by Ohio Revised Code Chapter 3307.

The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age sixty with five years of qualifying service credit, at age fifty-five with twenty-six years of service credit, or thirty-one years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty.

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

Note 14 - Defined Benefit Pension Plans (continued)

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate goes to the DCP and the remaining 2 percent is applied to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age fifty or later.

New members who choose the DCP or CP will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CP account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The statutory member contribution rate was increased 1 percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was $816,016 for fiscal year 2017. Of this amount, $126,301 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities.

Note 14 - Defined Benefit Pension Plans (continued)

Following is information related to the proportionate share and pension expense.

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.06877640%	0.05733057%	
Proportion of the Net Pension Liability Current Measurement Date	0.06974040	0.05243724	
Change in Proportionate Share	0.00096400%	0.00489333%	
Proportionate Share of the Net Pension Liability	$5,104,353	$17,552,325	$22,656,678
Pension Expense	$567,145	$984,061	$1,551,206

At June 30, 2017, the Career Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	$68,846	$709,199	$778,045
Changes of Assumptions	340,744	0	340,744
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	421,035	1,457,315	1,878,350
Changes in Proportionate Share and Difference Between Career Center Contributions and Proportionate Share of Contributions	85,787	0	85,787
Career Center Contributions Subsequent to the Measurement Date	314,665	816,016	1,130,681
Total Deferred Outflows of Resources	$1,231,077	$2,982,530	$4,213,607
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference Between Career Center Contributions and Proportionate Share of Contributions	$0	$1,221,017	$1,221,017

$1,130,681 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	SERS	STRS	Total
Fiscal Year Ended June 30,			
2018	$244,137	$27,856	$271,993
2019	243,834	27,856	271,690
2020	307,410	587,071	894,481
2021	121,031	302,714	423,745
Total	$916,412	$945,497	$1,861,909

Note 14 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation prepared as of June 30, 2016, compared with June 30, 2015, are presented below.

	June 30, 2016	June 30, 2015
Wage Inflation	3 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation
Actuarial Cost Method	entry age normal	entry age normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both males and females. Special mortality tables were used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

Note 14 - Defined Benefit Pension Plans (continued)

The long-term return expectation for the pension plan investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
U.S. Stocks	22.50	4.75
Non-U.S. Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00%	

Discount Rate - The total pension liability was calculated using the discount rate of 7.5 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.5 percent as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Career Center's Proportionate Share of the Net Pension Liability	$6,757,846	$5,104,353	$3,720,312

Note 14 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement.

Inflation	2.75 percent
Projected Salary Increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost of Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022-Scale AA) for males and females. Males ages are set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty are set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study effective July 1, 2012.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the retirement board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows.

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and, therefore, is not a weighted average return of the individual asset classes.

Note 14 - Defined Benefit Pension Plans (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's Proportionate Share of the Net Pension Liability	$23,325,613	$17,552,325	$12,682,216

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the Career Center's net pension liability is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2017, seven of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Postemployment Benefits

School Employees Retirement System (SERS)

Health Care Plan Description - The Career Center contributes to the SERS Health Care Fund administered by SERS for classified retirees and their beneficiaries. For GASB Statement No. 45 purposes, this plan is considered a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health care plans from various venders including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health care coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). The SERS Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. 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 on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount; prorated if less than a full year of service credit was earned. For fiscal year 2017, this amount was $23,500. State statute provides 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 2017, the Career Center's surcharge obligation was $18,810.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the amount assigned to the Health Care Fund. The Career Center's contribution for health care for the fiscal years ended June 30, 2017, 2016, and 2015 was $0, $0, and $16,627, respectively. The full amount has been contributed for all three fiscal years.

State Teachers Retirement System (STRS)

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

Note 15 - Postemployment Benefits (continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the health care plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal years ended June 30, 2017, 2016, and 2015, STRS did not allocate any employer contributions to postemployment health care.

Note 16 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. The Superintendent and Treasurer are entitled to thirty days of vacation per year. 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 a rate of one and one-fourth days per month. Teachers may accumulate sick leave up to a maximum of two hundred forty days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days. Administrators and classified employees may accumulate sick leave up to a maximum of two hundred forty days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of sixty days.

B. Health Care Benefits

The Career Center offers employee medical and dental benefits through the Allen County Schools Health Benefits Plan. The employee pays 15 percent of the cost of the monthly premium. The premium varies with each employee depending on the terms of the union contract. The Career Center provides life insurance and accidental death and dismemberment insurance to all contract employees through Dearborn National Life Insurance Company.

Note 17 - Long-Term Obligations

The changes in the Career Center's long-term obligations during fiscal year 2017 were as follows:

	Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17	Within One Year
Governmental Activities					
General Obligation Bonds					
FY 2014 Ohio School Facilities Commission Bonds					
Serial Bonds 2 - 5.25%	$10,235,000	$0	$180,000	$10,055,000	$0
Term Bonds 5 - 5.125%	19,435,000	0	0	19,435,000	0
Capital Appreciation Bonds 34.45 - 37.74%	185,000	0	0	185,000	50,000
Capital Appreciation Bonds Accretion	48,126	413,808	0	461,934	0
Premium	640,597	0	24,250	616,347	0
Total General Obligation Bonds	30,543,723	413,808	204,250	30,753,281	50,000
Net Pension Liability					
SERS	3,178,804	955,725	0	4,134,529	0
STRS	12,358,705	1,683,155	0	14,041,860	0
Total Net Pension Liability	15,537,509	2,638,880	0	18,176,389	0
Building Assistance Loans 0%	53,333	0	53,333	0	0
Compensated Absences Payable	610,237	0	43,697	566,540	100,229
Total Long-Term Obligations	$46,744,802	$3,052,688	$301,280	$49,496,210	$150,229

	Balance at 6/30/16	Additions	Reductions	Balance at 6/30/17	Within One Year
Business-Type Activity					
Net Pension Liability					
SERS	$745,644	224,180	0	$969,824	$0
STRS	3,485,787	24,678	0	3,510,465	0
Total Net Pension Liability	4,231,431	248,858		4,480,289	0
Building Assistance Loans 0%	80,506	0	80,506	0	0
Compensated Absences Payable	103,815	6,259	7,259	102,815	10,364
Total Long-Term Obligations	$4,415,752	$255,117	$87,765	$4,583,104	$10,364

Note 17 - Long-Term Obligations (continued)

FY 2014 Ohio Schools Facilities Commission General Obligation Bonds

In fiscal year 2014, the Career Center issued general obligation bonds, in the original amount of $30,000,000, for constructing and improving new facilities. The bond issue consisted of serial, term, and capital appreciation bonds, in the original amount of $10,380,000, $19,435,000, and $185,000, respectively. The bonds were issued for a thirty year period, with final maturity in fiscal year 2044. The bonds are being retired from the Bond Retirement debt service fund with property tax revenues.

The bonds maturing on December 1, 2038, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the fiscal years 2035 through 2039, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Fiscal Year	Amount
2035	$1,370,000
2036	1,475,000
2037	1,590,000
2038	1,710,000

Unless otherwise called for redemption, the remaining $1,835,000 principal amount of the bonds due December 1, 2038, is to be paid at stated maturity.

The bonds maturing on December 1, 2043, are subject to mandatory sinking fund redemption, in part by lot, on December 1, in each of the fiscal years 2040 through 2044, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date according to the following schedule:

Fiscal Year	Amount
2040	$1,965,000
2041	2,135,000
2042	2,285,000
2043	2,450,000

Unless otherwise called for redemption, the remaining $2,620,000 principal amount of the bonds due December 1, 2043, is to be paid at stated maturity.

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the Career Center. The mandatory redemption is to occur on December 1, 2021, at par plus accrued interest.

The capital appreciation bonds are not subject to early redemption. The capital appreciation bonds will mature in fiscal years 2018 through 2021. The maturity amount for the bonds is $1,200,000. For fiscal year 2017, $413,808 was accreted on the capital appreciation bonds for a total value of $646,934 at June 30, 2017.

Note 17 - Long-Term Obligations (continued)

Building Assistance Loans - In January 2003, the Career Center obtained an interest-free loan for the construction of an equipment building, in the original amount of $800,000. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan was retired from the Permanent Improvement capital projects fund.

In March 2002, the Career Center obtained an interest-free loan for the construction of an adult education addition, in the original amount of $1,019,779. The loan was issued for a fifteen year period with final maturity in fiscal year 2017. The loan was retired from the Adult Education enterprise fund.

There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the General Fund, the Food Service and Adult Basic and Literacy Education special revenue funds, and the Adult Education enterprise fund.

Compensated absences will be paid from the General Fund, Food Service and Adult Basic and Literacy Education special revenue funds, and the Adult Education enterprise fund.

The Career Center's overall debt margin was $197,134,912 with an unvoted debt margin of $2,507,186 at June 30, 2017.

The following is a summary of the Career Center's future annual debt service requirements for governmental long-term obligations:

	General Obligation Bonds			
	Serial		Term	
Fiscal Year Ending	Principal	Interest	Principal	Interest
2018	$0	$491,475	$0	$986,069
2019	0	491,475	0	986,069
2020	0	491,475	0	986,069
2021	0	491,475	0	986,069
2022	385,000	481,850	0	986,069
2023-2027	2,805,000	2,049,669	0	4,930,344
2028-2032	4,470,000	1,232,825	0	4,930,344
2033-2037	2,395,000	128,231	4,435,000	4,608,719
2038-2042	0	0	9,930,000	2,641,272
2043-2044	0	0	5,070,000	264,192
Totals	$10,055,000	$5,858,475	$19,435,000	$22,305,216

Note 17 - Long-Term Obligations (continued)

	General Obligation Bonds	
	Capital Appreciation	
Fiscal Year Ending	Principal	Interest
2018	$50,000	$165,000
2019	55,000	245,000
2020	45,000	280,000
2021	35,000	325,000
Totals	$185,000	$1,015,000

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

Note 18 - Set Asides

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2017.

	Capital Improvements
Balance June 30, 2016	$0
Current Year Set Aside Requirement	143,699
Current Year Offsets	(143,699)
Balance June 30, 2017	$0

Note 19 - Fund Balance

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

Fund Balance	General	Bond Retirement	Locally Funded Initiatives
Nonspendable for:			
Prepaid Items	$68,511	$0	$0
Restricted for:			
Capital Improvements	0	0	407,633
Debt Service	0	1,163,200	0
Total Restricted	0	1,163,200	407,633
Committed for:			
Termination Benefits	300,000	0	0
Assigned for:			
Budget Shortage	4,196,496	0	0
Educational Activities	2,350	0	0
Unpaid Obligations	159,134	0	0
Total Assigned	4,357,980	0	0
Unassigned	4,763,745	0	0
Total Fund Balance	$9,490,236	$1,163,200	$407,633

Fund Balance	Ohio Vocational Facilities Assistance	Other Governmental	Total
Nonspendable for:			
Prepaid Items	$0	$613	$69,124
Restricted for:			
Capital Improvements	244,872	2,451,449	3,103,954
Debt Service	0	0	1,163,200
Food Service Operations	0	42,031	42,031
Vocational Instruction	0	5,205	5,205
Total Restricted	244,872	2,498,685	4,314,390
Committed for:			
Termination Benefits	0	0	300,000
Vocational Instruction	0	64,897	64,897
Total Committed	0	64,897	364,897
Assigned for:			
Budget Shortage	0	0	4,196,496
Educational Activities	0	0	2,350
Capital Improvements	0	428,068	428,068
Unpaid Obligations	0	0	159,134
Total Assigned	0	428,068	4,786,048
Unassigned	0	0	4,763,745
Total Fund Balance	$244,872	$2,992,263	$14,298,204

Note 20 - Jointly Governed Organization

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2017, the Career Center paid $42,174 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

Note 21 - Insurance Pools

A. Schools of Ohio Risk Sharing Authority

The Career Center participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 655 Metro Place South, Dublin, Ohio 43017.

B. Allen County Schools Health Benefits Plan

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the School Districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 204 North Main Street, Lima, Ohio 45801.

Note 21 - Insurance Pools (continued)

C. Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 22 - Contingencies

A. Grants

The Career Center 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 Career Center at June 30, 2017.

B. School Foundation

Career Center foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Career Center, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017, foundation funding for the Career Center, therefore, any financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the Career Center.

C. Litigation

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

Apollo Career Center
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Career Center's Proportion of the Net Pension Liability	0.06974040%	0.06877640%	0.06712200%	0.06712200%
Career Center's Proportionate Share of the Net Pension Liability	$5,104,353	$3,924,448	$3,397,006	$3,991,530
Career Center's Employee Payroll	$2,157,293	$2,027,700	$1,860,527	$1,810,863
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	236.61%	193.54%	182.58%	220.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

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Apollo Career Center
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2017	2016	2015	2014
Career Center's Proportion of the Net Pension Liability	0.05243724%	0.05733057%	0.05795130%	0.05795130%
Career Center's Proportionate Share of the Net Pension Liability	$17,552,325	$15,844,492	$14,095,761	$16,790,779
Career Center's Employee Payroll	$5,696,779	$5,916,821	$5,907,100	$5,819,631
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	308.11%	267.79%	238.62%	288.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

Apollo Career Center
Required Supplementary Information
Schedule of the Career Center's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$314,665	$302,021	$267,251	$257,869
Contributions in Relation to the Contractually Required Contribution	(314,665)	(302,021)	(267,251)	(257,869)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Career Center Employee Payroll	$2,247,607	$2,157,293	$2,027,700	$1,860,527
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$250,623	$237,206	$241,612	$248,435	$189,540	$180,407
(250,623)	(237,206)	(241,612)	(248,435)	(189,540)	(180,407)
$0	$0	$0	$0	$0	$0
$1,810,863	$1,763,614	$1,922,134	$1,834,820	$1,926,216	$1,837,140
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Apollo Career Center
Required Supplementary Information
Schedule of the Career Center's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$816,016	$797,549	$828,355	$767,923
Contributions in Relation to the Contractually Required Contribution	(816,016)	(797,549)	(828,355)	(767,923)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Career Center Employee Payroll	$5,828,686	$5,696,779	$5,916,821	$5,907,100
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$756,552	$740,148	$706,568	$831,362	$812,258	$790,872
(756,552)	(740,148)	(706,568)	(831,362)	(812,258)	(790,872)
$0	$0	$0	$0	$0	$0
$5,819,631	$5,693,446	$5,435,138	$6,395,092	$6,248,138	$6,083,631
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Changes in Assumptions - SERS

Amounts reported for fiscal year 2017 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented below.

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3 percent	3.25 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent	4 percent to 22 percent
Investment Rate of Return	7.5 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation

Amounts reported for fiscal year 2017 use mortality assumptions that are based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. Amounts reported for fiscal year 2016 and prior use mortality assumptions based on the 1994 Group Annuity Mortality Table set back one year for both males and females. Special mortality tables were used for the period after disability retirement.

APOLLO CAREER CENTER
ALLEN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
(Passed through Ohio Department of Education)			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	N/A	$2,276
National School Lunch Program	10.555	N/A	20,482
Cash Assistance:			
School Breakfast Program	10.553	N/A	16,449
National School Lunch Program	10.555	N/A	129,460
Total Child Nutrition Cluster			168,667
Total U.S. Department of Agriculture			168,667
U.S. DEPARTMENT OF EDUCATION			
(Direct Programs)			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	N/A	543,577
Federal Direct Student Loans	84.268	N/A	831,226
Total Student Financial Aid Cluster			1,374,803
(Passed through Ohio Board of Regents)			
Adult Education - Basic Grants to States	84.002	N/A	234,946
(Passed through Ohio Department of Education)			
Career and Technical Education - Basic Grants to States	84.048	N/A	210,824
Career and Technical Education - Basic Grants to States - Adult	84.048	N/A	154,220
Total Career and Technical Education - Basic Grants to States			365,044
Improving Teacher Quality State Grants	84.367	N/A	2,566
Total Ohio Department of Education			367,610
Total U.S. Department of Education			1,977,359
Total Expenditures of Federal Awards			$2,146,026

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Apollo Career Center's (the Career Center) federal award programs' expenditures for the fiscal year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Career Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Career Center.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Career Center has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D - FOOD DONATION PROGRAM

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

NOTE E - MATCHING REQUIREMENTS

Certain Federal programs require the Career Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, (the Career Center) as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 15, 2017, wherein we noted the Career Center restated the June 30, 2016 net position of the Governmental Activities and the Adult Education Fund in the Business-Type Activity.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Apollo Career Center
Allen County
3325 Shawnee Road
Lima, Ohio 45806

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Apollo Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Apollo Career Center's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Career Center's major federal program.

Management's Responsibility

The Career Center's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Career Center's compliance for the Career Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688
www.ohioauditor.gov

Opinion on the Major Federal Program

In our opinion, Apollo Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 15, 2017

APOLLO CAREER CENTER
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR §200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Apollo CAREER CENTER

Judy Wells, Superintendent
Maria Rellinger, Treasurer/CFO
Douglas B. Bodey, Director of High School Programs
Tasha Sheipline, Director of Adult Programs

www.apollocareercenter.com
3325 Shawnee Road • Lima, OH 45806-1454
High School Office 419.998.2908 • Fax 419.998.2929
Adult Office 419.998.2999 • Fax 419.998.2994

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Noncompliance Citation – Finding for Recovery – Repayment Plan – Teacher stipend was not approved like in prior years but was paid.	Corrective Action Taken and Finding is Fully Corrected	District brought error to auditors attention and took corrective action. Finding has been fully repaid.

APOLLO CAREER CENTER

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 9, 2018