FOUR COUNTY
CAREER CENTER
HENRY COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2017

James G. Zupka, CPA, Inc.
Certified Public Accountants

Dave Yost • Auditor of State

Board of Education
Four County Career Center
22900 State Route 34
Archbold, Ohio 43502

We have reviewed the *Independent Auditor's Report* of the Four County Career Center, Henry County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Four County Career Center is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

January 23, 2018

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FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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JAMES G. ZUPKA, C.P.A., INC.
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INDEPENDENT AUDITOR'S REPORT

To the Members of Board of Education
Four County Career Center
Archbold, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center as of June 30, 2017, and the respective changes in financial position and the budgetary comparisons for the General Fund and the Adult Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2017, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 Center's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

December 4, 2017

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

The management's discussion and analysis of the Four County Career Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- The Center's net position of governmental activities increased $1,300,126 which represents a 13.95% increase from 2016.

- Governmental activities' general revenues accounted for $14,855,394 in revenue or 72.20% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $5,718,980 in revenue or 27.80% of total revenues of $20,574,374.

- The Center had $19,274,248 in expenses related to governmental activities; only $5,718,980 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $14,855,394 were adequate to provide for these programs.

- The Center's major governmental funds are the general fund and adult education fund. The general fund had $18,179,350 in revenues and other financing sources and $15,757,313 in expenditures and other financing uses. The general fund's fund balance increased $2,422,037 from $6,470,942 to $8,892,979.

- The adult education fund had $721,051 in revenues and $817,217 in expenditures. The adult education fund's fund balance decreased $96,166 from $258,706 to $162,540.

Using the Basic Financial Statements (BFS)

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

The statement of net position and statement of activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund and the adult education fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did the Center do financially during fiscal year 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the Center's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-22 of this report.

Reporting the Center's Fiduciary Responsibilities

The Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are reported in agency funds. All of the Center's fiduciary activities are reported in separate statements of fiduciary assets and liabilities on page 23. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-60 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center's net pension liability. The required supplementary information can be found on pages 62-68 of this report.

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The table on the next page provides a summary of the Center's net position for June 30, 2017 and June 30, 2016.

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Net Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current and other assets	$ 20,038,155	$ 15,654,005
Capital assets, net	12,016,990	12,412,244
Total assets	32,055,145	28,066,249
Deferred outflows of resources		
Pensions	5,796,135	2,492,213
Total deferred outflows of resources	5,796,135	2,492,213
Liabilities		
Current liabilities	1,825,344	2,218,987
Long-term liabilities:		
Due within one year	475,103	517,930
Due in more than one year:		
Net pension liability	30,838,353	24,889,865
Other amounts	3,880,530	4,076,950
Total liabilities	37,019,330	31,703,732
Deferred inflows of resources		
Property taxes levied for next fiscal year	8,565,394	6,113,394
Pensions	288,203	2,063,109
Total deferred inflows of resources	8,853,597	8,176,503
Net position		
Net investment in capital assets	8,679,408	8,897,154
Restricted	584,595	715,346
Unrestricted (deficit)	(17,285,650)	(18,934,273)
Total net position	$ (8,021,647)	$ (9,321,773)

During 2015, the Center adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Center's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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

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

In accordance with GASB 68, the Center's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

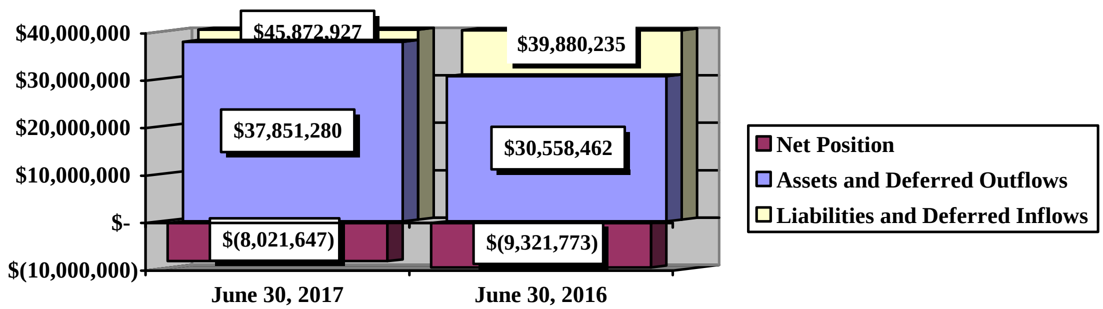
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the Center's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $8,021,647.

At fiscal year-end, capital assets represented 37.49% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Center's net investment in capital assets at June 30, 2017 was $8,679,408. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, $584,595, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of $17,285,650. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

The graph below illustrates the Center's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2017 and 2016.

Governmental Activities



The table below shows the changes in net position for governmental activities between 2017 and 2016.

Change in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services and sales	$ 1,469,627	$ 1,521,465
Operating grants and contributions	4,249,353	3,953,278
General revenues:		
Property taxes	9,469,479	6,781,143
Grants and entitlements	5,311,735	5,426,449
Investment earnings	59,500	40,521
Miscellaneous	14,680	39,335
Total revenues	20,574,374	17,762,191

- Continued

	Governmental Activities	
	2017	2016
Expenses		
Program expenses:		
Instruction:		
Vocational	$ 11,037,095	$ 10,171,515
Adult/continuing	1,205,546	1,189,016
Other	13,544	13,958
Support services:		
Pupil	1,705,528	1,512,233
Instructional staff	493,392	405,945
Board of education	84,691	73,329
Administration	1,502,874	1,335,955
Fiscal	558,163	499,381
Business	79,550	73,179
Operations and maintenance	1,494,706	1,432,633
Pupil transportation	42,113	36,394
Central	337,441	363,774
Operation of non-instructional services:		
Food service operations	483,733	419,114
Other non-instructional services	22,042	21,260
Extracurricular activities	126,721	94,083
Interest and fiscal charges	87,109	95,032
Total expenses	19,274,248	17,736,801
Change in net position	1,300,126	25,390
Net position at beginning of year	(9,321,773)	(9,347,163)
Net position at end of year	$ (8,021,647)	$ (9,321,773)

Governmental Activities

Net position of the Center's governmental activities increased $1,300,126. Total governmental expenses of $19,274,248 were offset by program revenues of $5,718,980 and general revenues of $14,855,394. Program revenues supported 29.67% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 71.84% of total governmental revenue. Real estate property is reappraised every six years. Property tax revenues increased due to a new 1.0 mill levy which was passed by voters in November 2016.

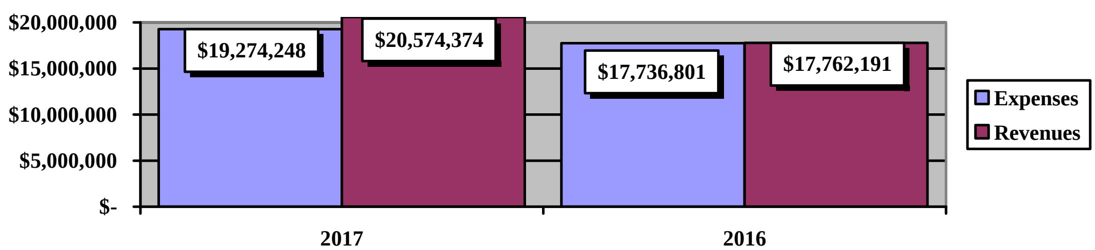
The largest expense of the Center is for instructional programs. Instruction expenses totaled $12,256,185 or 63.59% of total governmental expenses for fiscal year 2017. Expenses increased primarily due to an increase in the Center's net pension liability.

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)

The graph below presents the Center's governmental activities revenues and expenses for fiscal years 2017 and 2016.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

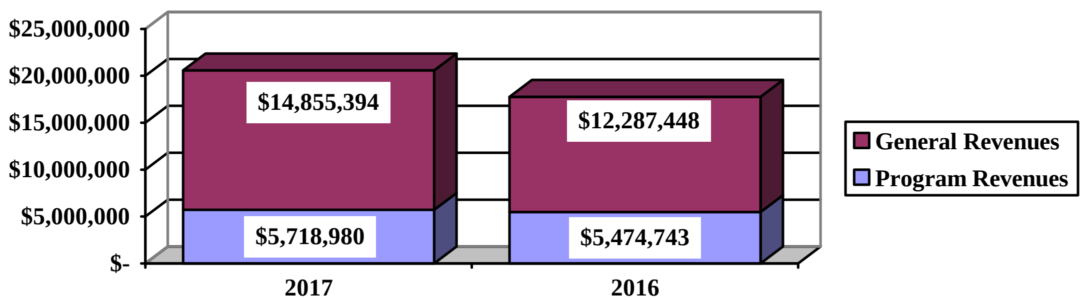
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses:				
Instruction:				
Vocational	$ 11,037,095	$ 6,800,870	$ 10,171,515	$ 6,338,056
Adult/continuing	1,205,546	403,153	1,189,016	298,695
Other	13,544	13,544	13,958	13,958
Support services:				
Pupil	1,705,528	1,504,615	1,512,233	1,322,528
Instructional staff	493,392	470,016	405,945	366,613
Board of education	84,691	84,691	73,329	73,329
Administration	1,502,874	1,487,447	1,335,955	1,321,357
Fiscal	558,163	558,163	499,381	499,381
Business	79,550	79,550	73,179	73,179
Operations and maintenance	1,494,706	1,484,146	1,432,633	1,422,272
Pupil transportation	42,113	42,113	36,394	34,161
Central	337,441	297,858	363,774	266,943
Operation of non-instructional services:				
Food service operations	483,733	96,176	419,114	31,591
Other non-instructional services	22,042	19,096	21,260	10,880
Extracurricular activities	126,721	126,721	94,083	94,083
Interest and fiscal charges	87,109	87,109	95,032	95,032
Total expenses	$ 19,274,248	$ 13,555,268	$ 17,736,801	$ 12,262,058

The dependence upon taxes and other general revenues for governmental activities is apparent, as 58.89% of fiscal year 2017 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 70.33% in fiscal year 2017. The Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Center's students.

The graph below presents the Center's governmental activities revenue for fiscal years 2017 and 2016

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance of $9,449,476, which is greater than last year's total balance of $7,160,359. The table below indicates the fund balance and the total change in fund balance as of June 30, 2017 and June 30, 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	$ 8,892,979	$ 6,470,942	$ 2,422,037
Adult education	162,540	258,706	(96,166)
Nonmajor governmental	393,957	430,711	(36,754)
Total	$ 9,449,476	$ 7,160,359	$ 2,289,117

General Fund

The Center's general fund balance increased $2,422,037, which is primarily due a new 1.0 mill property tax levy that was first collected in calendar year 2017.

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

	2017 Amount	2016 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	$ 8,911,682	$ 6,267,700	$ 2,643,982	42.18 %
Tuition and fees	552,356	487,561	64,795	13.29 %
Earnings on investments	59,630	45,042	14,588	32.39 %
Intergovernmental	8,445,301	8,208,379	236,922	2.89 %
Other revenues	192,350	220,873	(28,523)	(12.91) %
Total	$ 18,161,319	$ 15,229,555	$ 2,931,764	19.25 %

Overall revenues of the general fund increased $2,931,764 or 19.25%. Taxes increased 42.18% from fiscal year 2016 primarily due to a new 1.0 mill property tax levy. Intergovernmental revenue increased because of an increase in State Foundation funding. All other revenue classifications of the Center remained comparable to the prior fiscal year.

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

	2017 Amount	2016 Amount	Increase/ (Decrease)	Percentage Change
Expenditures				
Instruction	$ 10,035,588	$ 9,937,489	$ 98,099	0.99 %
Support services	5,410,533	5,286,417	124,116	2.35 %
Operation of non-instructional services	2,174	1,336	838	62.72 %
Extracurricular activities	123,669	94,846	28,823	30.39 %
Debt service	140,349	140,350	(1)	(0.00) %
Total	$ 15,712,313	$ 15,460,438	$ 251,875	1.63 %

Overall expenditures of the general fund increased $251,875 or 1.63%. The overall increase in expenditures of the general fund is primarily due to increasing health insurance costs.

Adult Education Fund

The adult education fund had $721,051 in revenues and $817,217 in expenditures. The adult education fund's fund balance decreased $96,166 from $258,706 to $162,540.

General Fund Budgeting Highlights

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Center uses site-based budgeting, and the budgeting systems are designed to tightly control total site budgets while still providing flexibility for site management. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues and other financing sources were $16,809,960, which were $1,813,145 greater than the original budgeted revenues of $14,996,815. Actual revenues and other financing sources of $17,303,881 were $493,921 greater than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of $17,140,604 were decreased to $17,138,104 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled $16,220,127, which was $917,977 less than the final budget estimates. This is a result of the Center's conservative budgeting practices.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Center had $12,016,990 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2017 balances compared to June 30, 2016.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 219,258	$ 219,258
Land improvements	296,979	327,832
Buildings and improvements	10,420,638	10,799,373
Furniture and equipment	846,860	850,684
Vehicles	233,255	215,097
Total	$ 12,016,990	$ 12,412,244

The overall decrease in capital assets of $395,254 is due to depreciation expense of $614,415 and disposals of capital assets of $3,351 (net of accumulated depreciation) exceeding capital asset additions of $222,512. See Note 8 to the basic financial statements for additional information on the Center's capital assets.

Debt Administration

At June 30, 2017, the Center had $3,315,730 in bonds, notes and long-term lease obligations outstanding. Of this total, $255,730 is due within one year and $3,060,000 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2017 and June 30, 2016.

Outstanding Debt, at Year End

	Governmental Activities 2017	Governmental Activities 2016
Limited tax GO bonds	$ 2,555,000	$ 2,640,000
Permanent improvement TAN	700,000	805,000
Long-term leases	60,730	195,618
	$ 3,315,730	$ 3,640,618

At June 30, 2017, the Center's overall legal debt margin was $303,831,901, with an unvoted debt margin of $3,403,160.

See Note 10 to the basic financial statements for additional information on the Center's debt administration.

Current Financial Related Activity

The Four County Career Center (the "Center") covers portions of eight different counties geographically, which consists mostly of residential/farming communities. The building and facilities are on one campus, and includes an adult education program.

Property tax levies passed in 1976, 1979, 1988 and 2016 on a continuous basis are in place to help fund the general fund operations of the Center. Overall, revenue increased over the prior year. The collection of one-half year of the new operating levy which began in calendar year 2017, as well as an increase in state funding for FY2017 has helped solidify the Center's financial position in the wake of the elimination of the tangible personal property tax base and most recently the state reimbursement for those taxes.

The uncertainty of state funding revisions and legislative changes may create future challenges; however, the financial stability of the Center continues to be a top priority.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Connie Nicely, Treasurer/CFO, Four County Career Center, 22-900 St. Rt. 34, Archbold, Ohio, 43502

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

		Governmental Activities
Assets:		
Equity in pooled cash and investments.	$	9,714,686
Receivables:		
Property taxes		10,066,202
Accounts.		23,542
Accrued interest		27
Intergovernmental		95,325
Prepayments		21,707
Materials and supplies inventory.		88,679
Inventory held for resale.		27,987
Capital assets:		
Nondepreciable capital assets		219,258
Depreciable capital assets, net.		11,797,732
Capital assets, net		12,016,990
Total assets.		32,055,145
Deferred outflows of resources:		
Pension - STRS		4,614,851
Pension - SERS		1,181,284
Total deferred outflows of resources		5,796,135
Liabilities:		
Accounts payable.		54,133
Contracts payable.		17,354
Accrued wages and benefits		1,511,539
Intergovernmental payable		40,875
Pension and postemployment obligation payable.		192,333
Accrued interest payable		9,110
Long-term liabilities:		
Due within one year.		475,103
Due in more than one year:		
Net pension liability		30,838,353
Other amounts due in more than one year .		3,880,530
Total liabilities		37,019,330
Deferred inflows of resources:		
Property taxes levied for the next fiscal year. . .		8,565,394
Pension - STRS.		284,318
Pension - SERS.		3,885
Total deferred inflows of resources		8,853,597
Net position:		
Net investment in capital assets		8,679,408
Restricted for:		
Capital projects		339,896
Debt service.		95,136
State funded programs.		511
Federally funded programs		125
Adult education.		145,810
Other purposes		3,117
Unrestricted (deficit)		(17,285,650)
Total net position.	$	(8,021,647)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Vocational	$ 11,037,095	$ 735,490	$ 3,500,735	$ (6,800,870)
Adult/continuing	1,205,546	560,771	241,622	(403,153)
Other	13,544	-	-	(13,544)
Support services:				
Pupil	1,705,528	-	200,913	(1,504,615)
Instructional staff	493,392	-	23,376	(470,016)
Board of education	84,691	-	-	(84,691)
Administration	1,502,874	-	15,427	(1,487,447)
Fiscal	558,163	-	-	(558,163)
Business	79,550	-	-	(79,550)
Operations and maintenance	1,494,706	9,216	1,344	(1,484,146)
Pupil transportation	42,113	-	-	(42,113)
Central	337,441	-	39,583	(297,858)
Operation of non-instructional services:				
Food service operations	483,733	164,150	223,407	(96,176)
Other non-instructional services	22,042	-	2,946	(19,096)
Extracurricular activities	126,721	-	-	(126,721)
Interest and fiscal charges	87,109	-	-	(87,109)
Total governmental activities	$ 19,274,248	$ 1,469,627	$ 4,249,353	(13,555,268)

General revenues:	
Property taxes levied for:	
General purposes	8,935,971
Debt service	281,000
Capital outlay	252,508
Grants and entitlements not restricted to specific programs	5,311,735
Investment earnings	59,500
Miscellaneous	14,680
Total general revenues	14,855,394
Change in net position	1,300,126
Net position at beginning of year	(9,321,773)
Net position at end of year	$ (8,021,647)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Adult Education	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and investments.	$ 9,140,546	$ 164,148	$ 409,992	$ 9,714,686
Receivables:				
Property taxes.	9,540,064	-	526,138	10,066,202
Accounts	13,043	10,468	31	23,542
Accrued interest	27	-	-	27
Intergovernmental.	91,845	1,257	2,223	95,325
Prepayments.	20,300	676	731	21,707
Materials and supplies inventory.	88,679	-	-	88,679
Inventory held for resale.	16,596	8,775	2,616	27,987
Total assets	$ 18,911,100	$ 185,324	$ 941,731	$ 20,038,155
Liabilities:				
Accounts payable	$ 49,895	$ 1,025	$ 3,213	$ 54,133
Contracts payable.	-	-	17,354	17,354
Accrued wages and benefits	1,435,363	18,692	57,484	1,511,539
Compensated absences payable	46,627	-	-	46,627
Intergovernmental payable	39,773	450	652	40,875
Pension and postemployment obligation payable.	179,858	2,617	9,858	192,333
Total liabilities.	1,751,516	22,784	88,561	1,862,861
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	8,114,670	-	450,724	8,565,394
Delinquent property tax revenue not available. .	151,917	-	8,489	160,406
Accrued interest not available.	18	-	-	18
Total deferred inflows of resources	8,266,605	-	459,213	8,725,818
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	88,679	-	-	88,679
Prepaids.	20,300	676	731	21,707
Restricted:				
Debt service	-	-	102,497	102,497
Capital improvements	-	-	314,053	314,053
Adult education	-	161,864	162	162,026
Targeted academic assistance	-	-	125	125
Vocational education.	-	-	8,080	8,080
Other purposes.	-	-	3,520	3,520
Committed:				
Termination benefits.	9,265	-	-	9,265
Assigned:				
Student instruction	174,448	-	-	174,448
Student and staff support.	28,362	-	-	28,362
Extracurricular activities	5,211	-	-	5,211
Customer services.	151,403	-	-	151,403
Other purposes.	59,200	-	-	59,200
Unassigned (deficit)	8,356,111	-	(35,211)	8,320,900
Total fund balances	8,892,979	162,540	393,957	9,449,476
Total liabilities, deferred inflows and fund balances	$ 18,911,100	$ 185,324	$ 941,731	$ 20,038,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		$ 9,449,476
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,016,990
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 160,406	
Accrued interest receivable	18	
Total		160,424
Unamortized premiums on bonds issued are not recognized in the funds.		(65,228)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(9,110)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - pension	5,796,135	
Deferred inflows - pension	(288,203)	
Net pension liability	(30,838,353)	
Total		(25,330,421)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(2,555,000)	
Long-term lease obligations	(60,730)	
Compensated absences	(928,048)	
Notes payable	(700,000)	
Total		(4,243,778)
Net position of governmental activities		$ (8,021,647)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Adult Education	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 8,911,682	$ -	$ 533,932	$ 9,445,614
Tuition	368,843	439,826	-	808,669
Earnings on investments	59,630	-	1,249	60,879
Charges for services	-	-	163,077	163,077
Classroom materials and fees	183,513	117,391	-	300,904
Other local revenues	192,350	3,554	7,639	203,543
Intergovernmental - state	8,441,485	160,245	350,150	8,951,880
Intergovernmental - federal	3,816	35	601,718	605,569
Total revenues	18,161,319	721,051	1,657,765	20,540,135
Expenditures:				
Current:				
Instruction:				
Vocational	9,780,027	-	335,147	10,115,174
Adult/continuing	243,061	817,217	82,513	1,142,791
Other	12,500	-	-	12,500
Support services:				
Pupil	1,412,358	-	229,481	1,641,839
Instructional staff	434,266	-	21,662	455,928
Board of education	83,877	-	-	83,877
Administration	1,388,886	-	15,387	1,404,273
Fiscal	529,487	-	7,924	537,411
Business	74,331	-	-	74,331
Operations and maintenance	1,160,287	-	68,846	1,229,133
Pupil transportation	35,777	-	5,000	40,777
Central	291,264	-	36,280	327,544
Operation of non-instructional services:				
Food service operations	-	-	449,726	449,726
Other non-instructional services	2,174	-	8,216	10,390
Extracurricular activities	123,669	-	-	123,669
Facilities acquisition and construction	-	-	198,902	198,902
Debt service:				
Principal retirement	134,888	-	190,000	324,888
Interest and fiscal charges	5,461	-	90,435	95,896
Total expenditures	15,712,313	817,217	1,739,519	18,269,049
Excess (deficiency) of revenues over (under) expenditures	2,449,006	(96,166)	(81,754)	2,271,086
Other financing sources (uses):				
Sale of capital assets	18,031	-	-	18,031
Transfers in	-	-	45,000	45,000
Transfers (out)	(45,000)	-	-	(45,000)
Total other financing sources (uses)	(26,969)	-	45,000	18,031
Net change in fund balances	2,422,037	(96,166)	(36,754)	2,289,117
Fund balances at beginning of year	6,470,942	258,706	430,711	7,160,359
Fund balances at end of year	$ 8,892,979	$ 162,540	$ 393,957	$ 9,449,476

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds		$ 2,289,117
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 222,512	
Current year depreciation	(614,415)	
Total		(391,903)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(3,351)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	23,865	
Earnings on investments	(1,329)	
Intergovernmental	(2,977)	
Total		19,559
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		324,888
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	3,925	
Amortization of bond premiums	4,862	
Total		8,787
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,481,180
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,350,840)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(77,311)
Change in net position of governmental activities		$ 1,300,126

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
From local sources:				
Property taxes	$ 6,324,487	$ 7,978,150	$ 8,309,925	$ 331,775
Tuition	252,000	277,000	383,174	106,174
Earnings on investments	35,961	46,200	61,334	15,134
Classroom materials and fees	50,000	50,000	47,022	(2,978)
Other local revenues	85,750	85,750	85,773	23
Intergovernmental - state	8,228,617	8,345,860	8,394,810	48,950
Intergovernmental - federal	10,000	10,000	3,816	(6,184)
Total revenues	14,986,815	16,792,960	17,285,854	492,894
Expenditures:				
Current:				
Instruction:				
Vocational	10,422,480	10,452,386	10,136,988	315,398
Adult/continuing	256,362	256,362	250,244	6,118
Other	15,508	15,813	15,490	323
Support services:				
Pupil	1,439,813	1,445,486	1,405,076	40,410
Instructional staff	542,022	522,522	441,605	80,917
Board of education	114,529	112,529	87,719	24,810
Administration	1,497,258	1,497,254	1,426,708	70,546
Fiscal	519,127	543,527	538,554	4,973
Business	118,036	111,181	83,189	27,992
Operations and maintenance	1,394,149	1,349,614	1,221,630	127,984
Pupil transportation	32,908	41,488	36,369	5,119
Central	313,740	329,840	298,050	31,790
Other non-instructional services	2,400	2,400	2,174	226
Extracurricular activities	114,772	150,444	131,331	19,113
Total expenditures	16,783,104	16,830,846	16,075,127	755,719
Excess of expenditures over revenues	(1,796,289)	(37,886)	1,210,727	1,248,613
Other financing sources (uses):				
Refund of prior year's expenditures	3,000	3,000	2,027	(973)
Refund of prior year's receipts	(2,250)	(2,250)	-	2,250
Transfers (out)	(100,000)	(145,000)	(145,000)	-
Advances (out)	(199,000)	(154,000)	-	154,000
Contingencies	(56,250)	(6,008)	-	6,008
Sale of capital assets	7,000	14,000	16,000	2,000
Total other financing sources (uses)	(347,500)	(290,258)	(126,973)	163,285
Net change in fund balance	(2,143,789)	(328,144)	1,083,754	1,411,898
Fund balance at beginning of year	7,445,901	7,445,901	7,445,901	-
Prior year encumbrances appropriated	108,917	108,917	108,917	-
Fund balance at end of year	$ 5,411,029	$ 7,226,674	$ 8,638,572	$ 1,411,898

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
From local sources:				
Tuition.	$ 520,000	$ 520,000	$ 462,220	$ (57,780)
Classroom materials and fees	120,000	120,000	120,194	194
Other local revenues	3,000	4,225	3,977	(248)
Intergovernmental - state	151,000	151,000	160,245	9,245
Intergovernmental - federal	-	-	35	35
Total revenues	794,000	795,225	746,671	(48,554)
Expenditures:				
Current:				
Instruction:				
Adult/continuing	1,029,505	1,030,730	833,326	197,404
Total expenditures	1,029,505	1,030,730	833,326	197,404
Excess of expenditures over revenues.	(235,505)	(235,505)	(86,655)	148,850
Other financing sources (uses):				
Refund of prior year's expenditures	2,000	2,000	-	(2,000)
Refund of prior year's receipts.	(1,000)	(1,000)	-	1,000
Total other financing sources (uses)	1,000	1,000	-	(1,000)
Net change in fund balance	(234,505)	(234,505)	(86,655)	147,850
Fund balance at beginning of year	223,630	223,630	223,630	-
Prior year encumbrances appropriated . .	23,585	23,585	23,585	-
Fund balance at end of year	$ 12,710	$ 12,710	$ 160,560	$ 147,850

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2017

	Agency
Assets:	
Equity in pooled cash	
and investments	$ 11,697
Receivables:	
Accounts	96
Total assets.	$ 11,793
Liabilities:	
Due to students.	$ 11,793
Total liabilities	$ 11,793

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CENTER

The Four County Career Center (the "Center") is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The Center was established in 1966, with classes beginning in September 1969, and serves 22 districts located primarily in Defiance, Fulton, Henry and Williams counties. The Center is operated under a board of education consisting of eleven members. The Center provides job training for residents of participating districts. Currently, the Center provides 31 courses of instruction in such varied fields as chef training, electronics, health careers and cosmetology. The average daily membership for fiscal year 2017 was 933. The Center employed 96 certified, 51 non-certified, and 17 administrative staff.

The Center provides vocational and adult continuing instruction. Also, the Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, the Center accounts for various extracurricular activities and retirement of debt obligations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's Governing Board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

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

The following organizations are described due to their relationship to the Center:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association
The Center is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is a program of the Northern Buckeye Education Council. 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.

NWOCA is governed by the Northern Buckeye Education Council as described below. Total disbursements made by the Center to NWOCA during fiscal year 2017 were $148,771. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council
The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

INSURANCE PURCHASING POOLS

Northern Buckeye Health Plan's Employee Insurance Benefits Program
The Center participates in a group health insurance pool through Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool). The Pool is a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. During fiscal year 2017, the Center contributed a total of $1,973,777 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Jenny Jostworth, Treasurer, 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, Ohio 45242.

Workers' Compensation Group Rating Plan
The Center participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Optimal Health Initiatives (OHI) Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Health Plan NW Division of OHI, a group purchasing pool. The WCGRP is governed by the Northern Buckeye Health Plan and the plan participants. The Executive Director of the Health Plan coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Adult education fund - The adult education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursements from the Ohio Board of Regents. Expenditures include, supplies, salaries and textbooks.

Other governmental funds of the Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets (b) financial resources that are restricted for debt service and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector. The Center has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency funds account for student activities and Center agency services.

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Center are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Agency funds do not report a measurement focus as they do not report operations.

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. Fiduciary funds use the accrual basis of accounting.

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, see Note 13 for deferred outflows of resources related the Center's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow 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 funds balance sheet, and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Center, see Note 13 for deferred inflows of resources related to the Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

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. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control for the general fund is at the fund, function and object level and the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The Center has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Fulton County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. 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 Center is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2017, investments were limited to negotiable and nonnegotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at 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 Center measures its 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 an 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 24 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 will be combined for these purposes.

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

Under existing 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 amounted to $59,630, which includes $3,263 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center's capitalization threshold is $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land 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
Land improvements	20 years
Buildings and improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 15 years
Vehicles	5 - 15 years

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

I. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2017, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater are considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources upon the occurrence of relevant events. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Fund Balance

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

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Center’s Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation. Deferred outflows of resources, deferred inflows of resources and liabilities that are attributable to the acquisition, construction or improvement of those assets, including contracts payable, and related debt also are included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the statement of net position and balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

N. Estimates

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2016, the Center had no extraordinary or special items.

P. Stabilization Arrangement

The Board of Education has $725,000 of unassigned fund balance in the general fund set aside to be used for budget stabilization. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

Q. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund loans receivable/payable. These amounts are eliminated in the governmental activities column of the statement of net position. The Center had no interfund balances at June 30, 2017.

R. Interfund Transactions

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

Interfund activities between governmental funds are eliminated in the statement of activities.

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

S. Unamortized Bond Premiums

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

T. Pensions

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

U. Fair Market Value

The 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.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND DEFICIT FUND BALANCE

A. Change in Accounting Principles

For fiscal year 2017, the Center has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the Center's fiscal year 2017 financial statements (see Note 19); however, there was no effect on beginning net position/fund balance.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND DEFICIT FUND BALANCE - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Center.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Center.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Center.

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

Nonmajor funds	Deficit
Food service	$ 34,864
Vocational education enhancement	1

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At fiscal year end, the Center had $675 in undeposited cash on hand which is included on the financial statements of the Center as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all Center deposits was $4,950,113. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2017, all of the Center’s bank balance of $5,018,919 was covered by the FDIC.

C. Investments

As of June 30, 2017, the Center had the following investments and maturities:

Measurement/ Investment type	Measurement value	Investment maturities 6 months or less	Investment maturities 7 to 12 months
Fair value:			
Negotiable CD's	$ 480,242	$ -	$ 480,242
Amortized cost:			
STAR Ohio	4,295,353	4,295,353	-
	$ 4,775,595	$ 4,295,353	$ 480,242

The weighted average maturity of investments is 0.09 years.

The Center’s investments in negotiable CD’s are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center’s investment policy limits investment portfolio maturities to five years or less.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center's investment policy does not specifically address credit risk beyond requiring the Center to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center's investments in negotiable CDs are insured by the FDIC. The Center has no investment policy dealing with investment custodial risk beyond the requirement of the State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2017:

Measurement/ Investment type	Measurement value	% of Total
Fair value:		
Negotiable CD's	$ 480,242	10.06
Amortized cost:		
STAR Ohio	4,295,353	89.94
	$ 4,775,595	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 4,950,113
Investments	4,775,595
Cash on hand	675
Total	$ 9,726,383
Cash and investments per statement of net position	
Governmental activities	$ 9,714,686
Agency funds	11,697
Total	$ 9,726,383

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2017, consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	Amount
Nonmajor governmental funds	$ 45,000

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

All transfers made in fiscal year 2017 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 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 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 Center receives property taxes from Henry, Defiance, Fulton, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Center their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $1,273,477 in the general fund and $66,925 in the permanent improvement fund, a nonmajor governmental fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2016 was $671,721 in the general fund and $54,921 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

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

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 3,186,274,910	94.09	$ 3,199,628,670	94.02
Public utility personal	200,119,780	5.91	203,531,370	5.98
Total	$ 3,386,394,690	100.00	$ 3,403,160,040	100.00
Tax rate per $1,000 of assessed valuation	$3.20		$4.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017 consisted of property taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 10,066,202
Accounts	23,542
Intergovernmental	95,325
Accrued interest	27
Total	$ 10,185,096

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 219,258	$ -	$ -	$ 219,258
Total capital assets, not being depreciated	219,258	-	-	219,258
Capital assets, being depreciated:				
Land improvements	754,806	-	-	754,806
Buildings and improvements	27,543,896	2,195	-	27,546,091
Furniture, fixtures and equipment	3,604,925	168,513	(9,425)	3,764,013
Vehicles	801,483	51,804	-	853,287
Total capital assets, being depreciated	32,705,110	222,512	(9,425)	32,918,197
Less: accumulated depreciation				
Land improvements	(426,974)	(30,853)	-	(457,827)
Buildings and improvements	(16,744,523)	(380,930)	-	(17,125,453)
Furniture, fixtures and equipment	(2,754,241)	(168,986)	6,074	(2,917,153)
Vehicles	(586,386)	(33,646)	-	(620,032)
Total accumulated depreciation	(20,512,124)	(614,415)	6,074	(21,120,465)
Governmental activities capital assets, net	$ 12,412,244	$ (391,903)	$ (3,351)	$ 12,016,990

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$ 415,289
Adult/continuing	1,237
Support services:	
Pupil	4,899
Instructional staff	16,659
Board of education	814
Administration	2,908
Fiscal	814
Business	1,108
Operations and maintenance	146,088
Pupil transportation	5,130
Other non-instructional services	11,652
Food service operations	7,817
Total depreciation expense	$ 614,415

NOTE 9 - LEASE AGREEMENTS

During fiscal year 2015, the Center entered into long-term lease agreements with Apple, Inc. for school computers. The items acquired by the lease agreements have not been capitalized due to each item being under the capitalization threshold. Lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the general fund. These expenditures are reported as function expenditures on the budgetary statement.

The following is a schedule of the future long-term minimum lease payments required under the lease agreements and the present value of the minimum lease payments as of June 30, 2017.

Fiscal Year Ending June 30,	Amount
2018	$ 62,503
Total minimum lease payments	62,503
Less: amount representing interest	(1,773)
Total	$ 60,730

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2017, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding 06/30/2016	Additions	Reductions	Balance Outstanding 06/30/2017	Amounts Due in One Year
Governmental activities:					
Limited tax G.O. bonds	$ 2,640,000	$ -	$ (85,000)	$ 2,555,000	$ 85,000
Permanent improvement tax anticipation notes	805,000	-	(105,000)	700,000	110,000
Long-term leases	195,618	-	(134,888)	60,730	60,730
Net pension liability	24,889,865	5,948,488	-	30,838,353	-
Compensated absences payable	884,172	294,218	(203,715)	974,675	219,373
Total long-term obligations, governmental activities	$ 29,414,655	$ 6,242,706	$ (528,603)	35,128,758	$ 475,103
			Unamortized bond premium	65,228	
			Total on statement of net position	$ 35,193,986	

On March 5, 2013, the Center issued $2,835,000 in voted limited tax general obligation bonds. The proceeds were used to fund various facility and site improvements. The bonds were issued for an eighteen year period with final maturity on December 1, 2030. The bonds are being retired from the debt service fund, a nonmajor governmental fund.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

These bonds were also issued with a premium of $90,456, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method; the amortization of the premium for fiscal year 2017 was $4,862.

On June 20, 2012, the Center issued $1,100,000 in voted permanent improvement tax anticipation notes. The proceeds were used to fund various facility and site improvements. The notes were issued for a ten year period with final maturity on December 1, 2022. The notes are being retired from the debt service fund, a nonmajor governmental fund.

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund.

Long-term leases will be paid from the general fund. See Note 9 for detail.

See Note 13 for a discussion of the Center's net pension liability.

The following is a summary of the future debt service requirements to maturity for the limited tax general obligation bonds and the permanent improvement tax anticipation notes at June 30, 2017:

Fiscal Year Ended	Principal	Interest	Total
2018	$ 195,000	$ 86,166	$ 281,166
2019	200,000	81,786	281,786
2020	205,000	77,298	282,298
2021	210,000	72,690	282,690
2022	220,000	67,922	287,922
2023 - 2027	1,170,000	247,018	1,417,018
2028 - 2031	1,055,000	64,275	1,119,275
Total	$ 3,255,000	$ 697,155	$ 3,952,155

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017 are a voted debt margin of $303,831,901 and an unvoted debt margin of $3,403,160.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

All regular employees are entitled to sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25 percent of unused sick leave up to 220 days for a maximum of 55 days for all certified, classified and administrative employees.

B. Health Care Benefits

The Center provides employee health care benefits through membership in the Northern Buckeye Health Plan Northwest Division of OHI (the Plan). Monthly payments are made to the Plan for health, dental, vision and life insurance coverage. The employees share the cost of the monthly premiums with the Board of Education.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The 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 Center contracted with Catlin Indemnity Company; Wells Fargo Insurance Services USA is the agent. A summary of coverages provided are as follows:

Coverage	Amounts
General liability:	
Bodily injury/property damage	$ 6,000,000
Personal injury	6,000,000
Products/completed operations	6,000,000
General annual aggregate	8,000,000
Fire legal liability	500,000
Errors or omissions cover:	
Per occurrence ($2,500 deductible)	6,000,000
Per aggregate ($2,500 deductible)	6,000,000
Property and crime:	
Property (incl. inland marine, misc. equipment) ($1,000 deductible)	74,129,510
Employee dishonesty/faithful performance of duty ($500 deductible)	100,000
Forgery/alteration ($500 deductible)	100,000
Computer fraud ($500 deductible)	100,000
Theft, disappearance, destruction ($500 deductible)	50,000
Commercial auto:	
Owned/leased vehicles	6,000,000
Medical payments (occ/agg)	5,000/55,000
Uninsured motorist	1,000,000
Physical damage ($500 deductible)	Actual value

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

B. Employee Health, Dental, Vision and Life

The Center participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self-insurance pool, for insurance benefits to employees. The Center pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, vision and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

NOTE 13 - 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 already have occurred.

The net pension liability represents the 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.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the 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 entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Center's contractually required contribution to SERS was $316,084 for fiscal year 2017. Of this amount, $19,192 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $1,165,096 for fiscal year 2017. Of this amount, $157,697 is reported as pension and postemployment obligation payable.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.07129830%	0.07533907%	
Proportion of the net pension liability current measurement date	0.07115700%	0.07657009%	
Change in proportionate share	-0.00014130%	0.00123102%	
Proportionate share of the net pension liability	$ 5,208,036	$ 25,630,317	$ 30,838,353
Pension expense	$ 551,403	$ 1,799,437	$ 2,350,840

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the 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	$ 70,244	$ 1,035,589	$ 1,105,833
Net difference between projected and actual earnings on pension plan investments	429,587	2,128,007	2,557,594
Changes of assumptions	347,665	-	347,665
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	17,704	286,159	303,863
Center contributions subsequent to the measurement date	316,084	1,165,096	1,481,180
Total deferred outflows of resources	$ 1,181,284	$ 4,614,851	$ 5,796,135
Deferred inflows of resources			
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	$ 3,885	$ 284,318	$ 288,203
Total deferred inflows of resources	$ 3,885	$ 284,318	$ 288,203

$1,481,180 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	$ 218,959	$ 477,658	$ 696,617
2019	218,650	477,660	696,310
2020	300,219	1,294,237	1,594,456
2021	123,487	915,882	1,039,369
Total	$ 861,315	$ 3,165,437	$ 4,026,752

NOTE 13 - 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 their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

NOTE 13 - 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	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 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 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 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	$ 6,895,115	$ 5,208,036	$ 3,795,880

NOTE 13 - 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	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% 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 13 - 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 not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the 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 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%)
Center's proportionate share of the net pension liability	$ 34,060,609	$ 25,630,317	$ 18,518,869

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 Center's NPL is expected to be significant.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the Center's surcharge obligation was $15,442.

The Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $15,442, $11,413, and $27,415, respectively. The fiscal year 2017 amount has been reported as pension and postemployment obligation payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The Center's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and adult education fund are as follows:

Net Change in Fund Balance

	General Fund	Adult Education
Budget basis	$ 1,083,754	$ (86,655)
Net adjustment for revenue accruals	634,000	(25,620)
Net adjustment for expenditure accruals	430,500	12,521
Net adjustment for other sources/uses	4	-
Funds budgeted elsewhere	26,515	-
Adjustment for encumbrances	247,264	3,588
GAAP basis	$ 2,422,037	$ (96,166)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, termination benefits fund and special enterprise fund.

NOTE 16 - CONTINGENCIES

A. Grants

The Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center at June 30, 2017.

B. Litigation

The Center is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

The Center's foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Center.

NOTE 17 - STATUTORY RESERVES

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

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

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	164,872
Current year offsets	(309,636)
Total	$ (144,764)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 17 - STATUTORY RESERVES - (Continued)

The Center passed Resolution No. 37-09 establishing and funding a reserve balance account within the general fund for the purpose of stabilizing against cyclical changes in revenues and expenditures. The balance of this reserve at June 30, 2017 is $725,000.

NOTE 18 - COMMITMENTS

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

Fund Type	Year-End Encumbrances
General fund	$ 229,392
Adult education	3,364
Nonmajor governmental funds	75,864
Total	$ 308,620

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Community Reinvestment Areas

Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

Enterprise Zones

Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the Center.

The programs described above are used by various other governments which reduce the amount of property taxes received by the Center. The table below summarizes the amount of property tax forgone by the Center:

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS - (Continued)

County*	Amount of Property Tax Revenue Forgone
Fulton County	$ 27,363
Williams County	92,482
Defiance County	19,250
Henry County	8,209
	$ 147,304

* The amounts listed for each county in the table above includes the amount of property tax revenue forgone for tax abatement agreements entered into by the county government and various other governments (cities, villages, townships) within the county.

In fiscal year 2017, the Center received $22,316 from various property owners, who are participants in the above programs, to partially reimburse the Center for the forgone tax revenue.

REQUIRED SUPPLEMENTARY INFORMATION

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Center's proportion of the net pension liability	0.07115700%	0.07129830%	0.07062000%	0.07062000%
Center's proportionate share of the net pension liability	$ 5,208,036	$ 4,068,350	$ 3,574,038	$ 4,199,545
Center's covered-employee payroll	$ 2,230,493	$ 2,146,449	$ 2,052,085	$ 2,563,143
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	233.49%	189.54%	174.17%	163.84%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CENTER'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Center's proportion of the net pension liability	0.07657009%	0.07533907%	0.07699655%	0.07699655%
Center's proportionate share of the net pension liability	$ 25,630,317	$ 20,821,515	$ 18,728,226	$ 22,308,940
Center's covered-employee payroll	$ 8,117,521	$ 7,860,371	$ 7,866,923	$ 9,219,169
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	315.74%	264.89%	238.06%	241.98%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 316,084	$ 312,269	$ 282,902	$ 284,419
Contributions in relation to the contractually required contribution	(316,084)	(312,269)	(282,902)	(284,419)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 2,257,743	$ 2,230,493	$ 2,146,449	$ 2,052,085
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$ 354,739	$ 340,438	$ 321,353	$ 316,460	$ 323,158	$ 303,172
(354,739)	(340,438)	(321,353)	(316,460)	(323,158)	(303,172)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,563,143	$ 2,531,138	$ 2,556,508	$ 2,337,223	$ 3,284,126	$ 3,087,291
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CENTER CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 1,165,096	$ 1,136,453	$ 1,100,452	$ 1,022,700
Contributions in relation to the contractually required contribution	(1,165,096)	(1,136,453)	(1,100,452)	(1,022,700)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 8,322,114	$ 8,117,521	$ 7,860,371	$ 7,866,923
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 1,198,492	$ 1,190,101	$ 1,183,747	$ 1,132,387	$ 1,156,349	$ 1,110,763
(1,198,492)	(1,190,101)	(1,183,747)	(1,132,387)	(1,156,349)	(1,110,763)
$ -	$ -	$ -	$ -	$ -	$ -
$ 9,219,169	$ 9,154,623	$ 9,105,746	$ 8,710,669	$ 8,894,992	$ 8,544,331
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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Certified Public Accountants
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of Board of Education
Four County Career Center
Archbold, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Four County Career Center, Henry County, Ohio, (the Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 4, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

December 4, 2017

FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The prior audit report, as of June 30, 2016, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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FOUR COUNTY CAREER CENTER

HENRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 6, 2018