PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY

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INDEPENDENT AUDITOR'S REPORT

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Portage Lakes Career Center, Summit 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2017, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

December 5, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position decreased $767,845 which represents an 11 percent decrease from 2016.
- Capital assets increased $134,595 during fiscal year 2017.
- During the year, outstanding debt decreased from $100,004 to $66,671 due to principal payments made by the Career Center.

Using this Annual Report

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the Career Center's programs and services, including instruction, support services, and extracurricular activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The fund financial statements begin on page 15. Fund financial statements provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and the adult education fund.

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

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. The Career Center's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 21 and 22. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

The Career Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net position for 2017 compared to 2016:

Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets		
Current and Other Assets	$ 11,722,295	$ 12,162,274
Capital Assets	9,197,329	9,062,734
Total Assets	20,919,624	21,225,008
Deferred Outflows of Resources		
Pension	2,345,344	1,213,685
Liabilities		
Other Liabilities	794,129	939,127
Long-Term Liabilities		
Due Within One Year	86,406	89,204
Due in More Than One Year		
Net Pension Liability	12,340,382	10,826,491
Other Amounts	441,221	450,659
Total Liabilities	13,662,138	12,305,481
Deferred Inflows of Resources		
Property Taxes	2,864,032	2,502,589
Pension	612,887	736,867
Total Deferred Inflows of Resources	3,476,919	3,239,456
Net Position		
Net Investment in Capital Assets	9,130,658	8,806,214
Restricted	175,230	363,567
Unrestricted	(3,179,977)	(2,276,025)
Total Net Position	$ 6,125,911	$ 6,893,756

At year end, capital assets represented 44 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings, furniture and equipment, and vehicles. Net investment in capital assets was $9,130,658 at June 30, 2017. These capital assets are used to provide services to students and are not available for future spending. Although the Career 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 Career Center's net position, $175,230, or 3 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of $3,179,977.

The $1,501,655 increase in long term liabilities, $123,980 decrease in deferred inflows of resources for pension and the $1,131,659 increase in deferred outflows of resources were primarily caused by changes related to net pension liability during 2017. The $361,443 increase in deferred inflows of resources for property taxes was a result of a decrease in the amount available for advance, which can vary from year to year based on the dates when bills are sent.

Table 2 shows the changes in net position for fiscal year 2017 and 2016.

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program Revenues:		
Charges for Services	$ 1,195,585	$ 1,293,171
Operating Grants	541,034	519,919
Total Program Revenues	1,736,619	1,813,090
General Revenues:		
Property Taxes	2,872,829	3,192,852
Grants and Entitlements Not Restricted	2,613,136	2,670,813
Other	71,212	129,461
Total General Revenues	5,557,177	5,993,126
Total Revenues	7,293,796	7,806,216
Program Expenses		
Instruction:		
Regular	480,534	473,934
Special	364,503	344,597
Vocational	3,800,023	3,753,036
Adult/Continuing	919,491	829,823
Other	2,777	1,136
Support Services:		
Pupils	360,078	355,642
Instructional Staff	104,152	62,470
Board of Education	23,256	21,200
Administration	823,459	761,317
Fiscal	463,364	454,361
Operation and Maintenance of Plant	511,995	502,584
Pupil Transportation	63,063	66,473
Central	134,053	195,629
Extracurricular Activities	10,893	7,720
Total Expenses	8,061,641	7,829,922
Change in Net Position	(767,845)	(23,706)
Net Position at Beginning of Year	6,893,756	6,917,462
Net Position at End of Year	$ 6,125,911	$ 6,893,756

The Career Center saw a decrease in property tax revenue during 2017 which was caused by a decrease in the amount available for advance.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2017	2016	2017	2016
Instruction:				
Regular	$ 480,534	$ 473,934	$ 467,975	$ 461,416
Special	364,503	344,597	118,840	138,380
Vocational	3,800,023	3,753,036	3,174,004	3,154,877
Adult/Continuing	919,491	829,823	196,616	(20,064)
Other	2,777	1,136	2,777	1,136
Support Services:				
Pupils	360,078	355,642	249,185	227,273
Instructional Staff	104,152	62,470	102,547	61,152
Board of Education	23,256	21,200	23,256	21,200
Administration	823,459	761,317	815,588	752,415
Fiscal	463,364	454,361	463,364	454,361
Operation and Maintenance of Plant	511,995	502,584	511,995	502,584
Pupil Transportation	63,063	66,473	63,063	66,473
Central	134,053	195,629	134,053	195,629
Extracurricular Activities	10,893	7,720	1,759	0
Total Expenses	$ 8,061,641	$ 7,829,922	$ 6,325,022	$ 6,016,832

The dependence upon general revenues for governmental activities is apparent. Approximately 78 percent of governmental activities are supported through taxes and other general revenues; such revenues are 76 percent of total governmental revenues. The community, as a whole, is by far the primary support for the Career Center students.

Governmental Funds

Information about the Career Center's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2017 was a decrease of $456,673. This was primarily caused by a decrease in property tax revenue caused by a change in the timing of tax collection.

The adult education fund balance decreased by $201,161. Tuition and fees were down from 2016 due to decreased enrollment in the adult education courses as well as an increase in capital purchases.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the Career Center amended its general fund budget. The Career Center uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue and other financing sources was $6,813,574, which was higher than the original and final budget amounts by $216,440.

Final appropriations of $7,425,000 were $136,037 higher than the actual expenditures and other financing uses of $7,288,963.

The Career Center increased its appropriations throughout the year by $390,000 to accommodate additional capital purchases, including the energy efficiency project that began in 2017.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Career Center had $9,197,329 invested in capital assets. Table 4 shows fiscal year 2017 balances compared with 2016.

Table 4
Capital Assets at June 30
Net of Depreciation

	Governmental Activities	
	2017	2016
Land	$ 195,190	$ 195,190
Construction in Progress	58,791	524,561
Land Improvements	408,061	418,275
Buildings and Building Improvements	6,594,011	6,254,546
Furniture and Fixtures	1,930,667	1,654,615
Vehicles	10,609	15,547
Totals	$ 9,197,329	$ 9,062,734

The $134,595 increase in capital assets was attributable to additional purchases exceeding current year depreciation and disposals. See Note 6 for more information about the capital assets of the Career Center.

Debt

At June 30, 2017, the Career Center had $66,671 in debt outstanding. See Note 12 for additional details. Table 5 summarizes loans outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2017	2016
Loans Payable:		
Vocational School Building Assistance	$ 66,671	$ 100,004

Current Issues

Portage Lakes Career Center receives approximately half of its total General Fund revenue from the Ohio Department of Education. The Career Center receives additional revenue for being on the state guarantee. In fiscal year 2017, the revenue related to the guarantee was $212,371. The Career Center also receives a significant amount of revenue in open enrollment from the four districts served. In fiscal year 2017, the open enrollment amount totaled $556,332.

The Career Center, in turn, relies on its local property taxpayers for the four districts served. The only operating levy was passed in 1983, for 4.35 mills, on a continuing basis. The effective rate of that levy, relative to Class #1 and Class #2 real estate, is near the statutory minimum of 2 mills. There are no new proposed levies for the forecast period, and it is the intent of current management to continue to operate the Center in a manner which is responsible and sustainable, resulting in no additional sacrifices being necessary from taxpayers.

The Career Center is currently expanding its partnerships with select post-secondary institutions, and has an agreement in place to develop a safety services hub with the University of Akron. This partnership was initiated through the construction and operation of a regional "burn building," to serve the training needs of the Career Center fire academy students, as well as county-wide safety forces. The partnership has been expanded to include an Early College High School concept, which will commence in the 2017-2018 school year. This program will provide high school students with the ability to graduate high school with a 2-year degree from the University of Akron.

The five-year forecast projects positive carryover balances in the general fund for the next five years. This is contingent on the state guarantee remaining in place, and also assumes the revenue derived from open enrollment continues at current levels.

At the time of this report, the impact of the State of Ohio's newest biennial budget is still not fully clear. Financial models being provided by the State currently do not leverage reliable source data, and are simply not "final." As a result of the challenges surrounding the acquisition of reliable source data, the actual implementation of the financial components at the State level is an ongoing challenge.

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

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Christopher Wright, Treasurer/CFO of Portage Lakes Career Center, 4401 Shriver Road, Uniontown, Ohio 44685 or CWright@plcc.edu.

Portage Lakes Career Center
Summit County, Ohio
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 8,406,623
Receivables:	
Accrued Interest	16,732
Property Taxes	3,294,026
Prepaid Items	4,914
Nondepreciable Capital Assets	253,981
Depreciable Capital Assets (Net)	8,943,348
Total Assets	20,919,624
Deferred Outflow of Resources	
Pension	2,345,344
Liabilities	
Accounts Payable	35,828
Accrued Wages and Benefits	623,756
Intergovernmental Payable	96,986
Accrued Vacation Leave Payable	37,559
Long Term Liabilities:	
Due Within One Year	86,406
Due In More Than One Year:	
Net Pension Liability (See Note 10)	12,340,382
Other Amounts Due in More Than One Year	441,221
Total Liabilities	13,662,138
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	2,864,032
Pension	612,887
Total Deferred Inflows of Resources	3,476,919
Net Position	
Net Investment in Capital Assets	9,130,658
Adult Education	116,508
Other Purposes	58,722
Unrestricted	(3,179,977)
Total Net Position	$ 6,125,911

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 480,534	$ 12,559	$ 0	$ (467,975)
Special	364,503	0	245,663	(118,840)
Vocational	3,800,023	624,219	1,800	(3,174,004)
Adult/Continuing	919,491	545,232	177,643	(196,616)
Other	2,777	0	0	(2,777)
Support Services:				
Pupils	360,078	0	110,893	(249,185)
Instructional Staff	104,152	0	1,605	(102,547)
Board of Education	23,256	0	0	(23,256)
Administration	823,459	4,441	3,430	(815,588)
Fiscal	463,364	0	0	(463,364)
Operation and Maintenance of Plant	511,995	0	0	(511,995)
Pupil Transportation	63,063	0	0	(63,063)
Central	134,053	0	0	(134,053)
Extracurricular Activities	10,893	9,134	0	(1,759)
Total	$ 8,061,641	$ 1,195,585	$ 541,034	(6,325,022)

General Revenues	
Property Taxes Levied for:	
General Purposes	2,872,829
Grants and Entitlements Not Restricted to Specific Programs	2,613,136
Investment Earnings	12,339
Miscellaneous	58,873
Total General Revenues	5,557,177
Change in Net Position	(767,845)
Net Position Beginning of Year	6,893,756
Net Position End of Year	$ 6,125,911

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2017

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 8,174,179	$ 173,722	$ 20,015	$ 8,367,916
Restricted Cash and Cash Equivalents	38,707	0	0	38,707
Receivables:				
Accrued Interest	16,732	0	0	16,732
Prepaids	4,914	0	0	4,914
Property Taxes	3,294,026	0	0	3,294,026
Total Assets	$ 11,528,558	$ 173,722	$ 20,015	$ 11,722,295
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	$ 26,899	$ 8,929	$ 0	$ 35,828
Accrued Wages and Benefits	594,013	29,743	0	623,756
Intergovernmental Payable	91,890	5,096	0	96,986
Total Liabilities	712,802	43,768	0	756,570
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	2,864,032	0	0	2,864,032
Unavailable Revenue	113,309	0	0	113,309
Total Deferred Inflows of Resources	2,977,341	0	0	2,977,341
Fund Balances				
Nonspendable	4,914	0	0	4,914
Restricted	38,707	129,954	20,015	188,676
Committed	11,000	0	0	11,000
Assigned	540,214	0	0	540,214
Unassigned	7,243,580	0	0	7,243,580
Total Fund Balances	7,838,415	129,954	20,015	7,988,384
Total Liabilities, Deferred Inflows and Fund Balances	$ 11,528,558	$ 173,722	$ 20,015	$ 11,722,295

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2017

Total Governmental Fund Balances		$ 7,988,384
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,197,329
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes		113,309
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension	$ 2,345,344	
Deferred Inflows - Pension	(612,887)	
Net Pension Liability	(12,340,382)	
Total		(10,607,925)
Long-term liabilities, including loans payable, are not due and payable in the current period and therefore are not reported in the funds.		
Loan Payable	(66,671)	
Accrued Vacation Leave Payable	(37,559)	
Compensated Absences	(460,956)	
Total		(565,186)
Net Position of Governmental Activities		$ 6,125,911

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 2,876,066	$ 0	$ 0	$ 2,876,066
Intergovernmental	2,858,800	177,643	117,728	3,154,171
Investment Income	12,339	0	0	12,339
Tuition and Fees	618,843	541,632	0	1,160,475
Extracurricular Activities	9,134	0	0	9,134
Charges for Services	25,976	0	0	25,976
Miscellaneous	54,718	4,154	0	58,872
Total Revenues	6,455,876	723,429	117,728	7,297,033
Expenditures				
Current:				
Instruction:				
Regular	458,947	0	0	458,947
Special	346,636	0	0	346,636
Vocational	3,230,279	45,323	1,800	3,277,402
Adult/Continuing	9,365	925,748	0	935,113
Other	2,777	0	0	2,777
Support Services:				
Pupils	236,252	0	110,893	347,145
Instructional Staff	105,211	0	1,605	106,816
Board of Education	22,440	0	0	22,440
Administration	777,279	0	3,430	780,709
Fiscal	447,188	0	0	447,188
Operation and Maintenance of Plant	405,463	0	0	405,463
Pupil Transportation	63,063	0	0	63,063
Central	127,954	0	0	127,954
Extracurricular Activities	10,813	0	0	10,813
Capital Outlay	589,068	0	0	589,068
Debt Service:				
Principal Retirement	0	0	33,333	33,333
Total Expenditures	6,832,735	971,071	151,061	7,954,867
Excess of Revenues Over (Under) Expenditures	(376,859)	(247,642)	(33,333)	(657,834)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	0	20,000	20,000
Transfers In	0	46,481	33,333	79,814
Transfers Out	(79,814)	0	0	(79,814)
Total Other Financing Sources (Uses)	(79,814)	46,481	53,333	20,000
Net Change in Fund Balance	(456,673)	(201,161)	20,000	(637,834)
Fund Balances Beginning of Year	8,295,088	331,115	15	8,626,218
Fund Balances End of Year	$ 7,838,415	$ 129,954	$ 20,015	$ 7,988,384

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit 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			$	(637,834)
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	$	618,977		
Current Year Depreciation		(444,842)		
Total				174,135
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.				(39,540)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Property Taxes				(3,237)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.				33,333
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position doesn't include these amounts as they are reported as deferred outflows.				593,228
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.				(851,480)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				
Compensated Absences		(21,097)		
Accrued Vacation Leave Payable		(15,353)		
Total				(36,450)
Change in Net Position of Governmental Activities			$	(767,845)

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 6,597,134	$ 6,597,134	$ 6,813,574	$ 216,440
Expenditures and Other Financing Uses	7,035,000	7,425,000	7,288,963	136,037
Net Change in Fund Balance	(437,866)	(827,866)	(475,389)	352,477
Fund Balance Beginning of Year	7,885,440	7,885,440	7,885,440	0
Prior Year Encumbrances Appropriated	531,419	531,419	531,419	0
Fund Balance End of Year	$ 7,978,993	$ 7,588,993	$ 7,941,470	$ 352,477

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 950,000	$ 750,000	$ 769,910	$ 19,910
Expenditures and Other Financing Uses	1,250,000	1,010,000	976,389	33,611
Net Change in Fund Balance	(300,000)	(260,000)	(206,479)	53,521
Fund Balance Beginning of Year	306,713	306,713	306,713	0
Prior Year Encumbrances Appropriated	47,709	47,709	47,709	0
Fund Balance End of Year	$ 54,422	$ 94,422	$ 147,943	$ 53,521

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 5,375	$ 69,694
Cash and Cash Equivalents in Segregated Accounts	24,895	0
Accounts Receivable	1,333	0
Total Assets	31,603	$ 69,694
Liabilities		
Due to Students	0	69,694
Total Liabilities	0	$ 69,694
Net Position		
Held in Trust for Scholarships	$ 31,603	

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

		Private Purpose Trust
Additions		
Gifts and Contributions	$	21,121
Investment Earnings		254
Total Additions		21,375
Deductions		
Payments in Accordance with Trust Agreements		13,450
Change in Net Position		7,925
Net Position Beginning of Year		23,678
Net Position End of Year	$	31,603

See accompanying notes to the basic financial statements.

Note 1 - Description of the Career Center and Reporting Entity

The Portage Lakes Joint Vocational School also known as the Portage Lakes Career Center (the "Career Center") is a vocational high school.

Joint Vocational Career Centers were created by the legislature as one means by which a Career Center can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has four member school districts. They are: Green Local, Manchester Local, Springfield Local, and Coventry Local Schools.

The Portage Lakes Career Center's Board of Education consists of nine board members. Each local school district is represented by two board members elected from the membership of their local board. Green Local Schools are represented by three board members. Each year, the member school districts elect or assign board members to represent their board on the Career Center's Board of Education.

Reporting Entity

The Portage Lakes Career Center is a Career Center governed by an appointed Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center.

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

The Career Center participates in two jointly governed organizations and three public entity risk pools. These organizations are the Northeastern Ohio Network for Educational Technology, the Interval Opportunity School, the Stark County Schools Council of Government, the Ohio School Comp Workers' Compensation Group Rating Program and the Ohio School Plan. These organizations are presented in Notes 8 and 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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

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

Adult Education Fund This fund accounts for transactions made in connection with adult education programs.

The other governmental funds of the Career Center account for grants and other resources to which the Career Center is bound to observe constraints imposed upon the use of the resources.

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

C. Measurement Focus

Government-Wide Financial Statements 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 with the operation of the Career Center are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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.

Private purpose trust funds are reported using the economic resources measurement focus. 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 basic 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. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 Career Center, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 10).

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

E. Cash and Investments

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statement. The Career Center has segregated a portion of cash balances, reported as "cash and cash equivalents in segregated accounts" which is used for the scholarships.

During fiscal year 2017, investments were limited to STAR Ohio, money markets, U.S. government agency notes, negotiable certificates of deposit and commercial paper. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, Certain External Investment Pools and Pool Participants. The Career Center measures their 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 the 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.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2017 amounted to $12,339 which includes $603 assigned from other Career Center funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments."

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statue to be set-aside for budget stabilization. See Note 17 for additional information regarding set-asides.

G. Capital Assets

All capital assets of the Career Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost or fair market value) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of $2,500. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

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	Estimated Lives
Land Improvements	15 - 30 Years
Buildings	30 - 60 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 15 Years

H. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employee will be paid. There were no matured compensated absences payable as of June 30, 2017.

I. 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 positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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 net pension liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Loans are recognized as a liability on the fund financial statements when due.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2017, there was no net position restricted by enabling legislation.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Career Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Non-spendable – The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

M. Interfund Activity

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. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net position. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Estimates

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

O. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2017.

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

Q. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the Career Center has implemented Governmental Accounting Standards Board (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 disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not result in any change in the Career Center's financial statements as the Career Center does not have any material GASB Statement No. 77 tax abatements.

GASB Statement No. 78 amends the scope of GASB Statement No. 68 to exclude certain multiple-employer defined benefit pension plans provided to employees of state and local governments on the basis that obtaining the measurements and other information required by GASB Statement No. 68 was not feasible. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation 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 Career Center.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the Career Center's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 3 - Budgetary Basis of Accounting

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

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

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

3. Encumbrances are treated as expenditures (budget) rather than as a restricted, committed or assigned fund balance (GAAP).

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general and adult education funds.

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	$ (456,673)	$ (201,161)
Net Adjustment for Revenue Accruals	404,427	0
Net Adjustment for Expenditure Accruals	(186,544)	20,459
Funds Budgeted Elsewhere **	(1,037)	0
Adjustment for Encumbrances	(235,562)	(25,777)
Budget Basis	$ (475,389)	$ (206,479)

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes public school support funds, customer service fund, underground storage tank fund and the rotary fund.

Note 4 - Deposits and Investments

State statutes classify monies held by the Career 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 Career Center treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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 Farm Credit Bank, Federal Home Loan Mortgage Corporation, Commercial Paper, and Certificates of Deposit. 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 division (1) or (2) of this section 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 forty 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.

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

Custodial credit risk for deposits is the risk that in the event of bank failure, the government’s deposits may not be returned to it. Protection of Career Center cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. These securities, held by the counterparty and not in the Career Center’s name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The Career Center’s policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Deposits At fiscal year-end, the carrying amount of the Career Center's deposits were $1,267,585, excluding $500 in petty cash. Of the bank balance of $1,293,147:

1. $250,000 of the bank balance was covered by depository insurance; and

2. $1,043,147 was uninsured and uncollateralized. Although securities serving as collateral were held by the pledging institution in the pledging institution’s name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

Investments

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

	Measurement	Maturity			% of
	Amount	< 1 Year	1 - 3 Years	> 3 Years	Investments
First American Treasury Money Market	$ 29,865	$ 29,865	$ 0	$ 0	0.41%
Negotiable Certificates of Deposit	2,222,449	496,270	991,331	734,848	30.70%
Commercial Paper	1,392,297	1,392,297	0	0	19.24%
STAR Ohio	204,813	204,813	0	0	2.83%
Federal Home Loan Bank	612,422	0	612,422	0	8.46%
Federal Home Loan Mortgage	736,784	0	736,784	0	10.18%
Federal National Mortgage Association	2,039,872	473,898	0	1,565,974	28.18%
Total	$ 7,238,502	$ 2,597,143	$ 2,340,537	$ 2,300,822	100.00%

The Career Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Career Center's recurring fair value measurements as of June 30, 2017. As discussed further in Note 2E, STAR Ohio is reported at its share price. All other investments of the Career Center are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center's policy is to follow State statute which is to invest funds with the highest interest rate bid.

Credit Risk: The Career Center's investments during fiscal year 2017 included STAR Ohio, Commercial Paper, U.S. Government Agency Notes, negotiable certificates of deposit and a money market fund. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio to maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2017 is 46 days and carries a rating of AAAm by S&P Global Ratings. S&P Global Ratings has rated the U.S. Government Agency Notes as AA+, Commercial Paper as A-1 and A-1+ and the money market fund as AAAm.

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

Concentration of Credit Risk: The Ohio Revised Code authorizes the Treasurer to invest a maximum of 40 percent of interim funds in either or a combined total of commercial paper and bankers acceptances. This is the only limit placed on the amount that may be invested in any one issuer. The previous table includes the percentage of total of each investment type held by the Career Center at June 30, 2017.

Note 5 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Career Center. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016 and are collected in 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Career Center receives property taxes from Summit County. The County Fiscal Officer periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 in the general was $316,685. The amount available as an advance at June 30, 2016 in the general fund was $642,632. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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 of resources.

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

	2016 Second Half Collections Valuation	%	2017 First Half Collections Valuation	%
Real Estate	$ 1,482,543,430	96.02%	$ 1,481,066,960	95.74%
Public Utility Personal Property	61,429,640	3.98%	65,972,230	4.26%
Total Assessed Valuation	$ 1,543,973,070	100.00%	$ 1,547,039,190	100.00%
Full Tax rate per $1,000 of assessed valuation	$ 4.35		$ 4.35	

Note 6 - Capital Assets

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

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 195,190	$ 0	$ 0	$ 195,190
Construction in Progress	524,561	64,212	(529,982)	58,791
Total Capital Assets, not being depreciated	719,751	64,212	(529,982)	253,981
Capital Assets, being depreciated:				
Land Improvements	589,714	17,316	0	607,030
Buildings	11,837,851	588,802	0	12,426,653
Furniture and Equipment	3,195,000	478,629	(49,773)	3,623,856
Vehicles	61,173	0	0	61,173
Total Capital Assets, being depreciated	15,683,738	1,084,747	(49,773)	16,718,712
Less Accumulated Depreciation:				
Land Improvements	(171,439)	(27,530)	0	(198,969)
Buildings	(5,583,305)	(249,337)	0	(5,832,642)
Furniture and Equipment	(1,540,385)	(163,037)	10,233	(1,693,189)
Vehicles	(45,626)	(4,938)	0	(50,564)
Total Accumulated Depreciation	(7,340,755)	(444,842)	10,233	(7,775,364)
Total Capital Assets being depreciated, net	8,342,983	639,905	(39,540)	8,943,348
Governmental Activities Capital Assets, Net	$ 9,062,734	$ 704,117	$ (569,522)	$ 9,197,329

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Vocational	$	406,034
Support Services:		
Administration		3,991
Operation and Maintenance of Plant		34,817
Total Depreciation	$	444,842

Note 7 - Receivables

Receivables at June 30, 2017 consisted of accrued interest and property taxes. Taxes receivable is considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

Note 8 - Risk Management

A. Property and Liability

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Career Center maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

The Career Center participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating governments pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating governments is calculated as one experience and a common premium rate is applied to all governments in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to governments that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Ohio School Plan

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

D. Employee Medical Benefits

The Career Center is a member of the Stark County Schools Council of Government (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating governments. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The Career Center accounts for the premiums paid as expenditures in the general or applicable fund.

Note 9 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 325 days. Employees shall receive severance pay equal to 25 percent of 260 days plus 10 percent of accumulated sick leave between 261 and the maximum sick leave.

Note 10 - 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 Career Center's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2017.

The Career Center's contractually required contribution to SERS was $119,421 for fiscal year 2017. Of this amount, $8,945 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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, 11.5 percent of the 13 percent member rate goes to the DC Plan and the remaining 1.5 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 to 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 Career 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 Career Center’s contractually required contribution to STRS was $473,807 for fiscal year 2017. Of this amount, $67,784 is reported as an intergovernmental payable.

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

The net pension liability was measured as of July 1 2016, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Career Center's employer allocation percentage of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Employer contributions were determined based on the 14 percent employer rate and total member contributions from employer payroll reports for the year ended June 30, 2016:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	$ 10,252,483	$ 2,087,899	$ 12,340,382
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03062910%	0.02852680%	
Prior Measurement Date	0.03313365%	0.02925500%	
Change in Proportionate Share	-0.00250455%	-0.00072820%	
Pension Expense	$ 660,276	$ 191,204	$ 851,480

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the Career Center's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 414,249	$ 28,162	$ 442,411
Net Difference between Projected and Actual Earnings on Pension Plan Investments	851,231	172,220	1,023,451
Changes of Assumptions	0	139,379	139,379
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	143,397	3,478	146,875
Career Center Contributions Subsequent to the Measurement Date	473,807	119,421	593,228
Total Deferred Outflows of Resources	$ 1,882,684	$ 462,660	$ 2,345,344
Deferred Inflows of Resources			
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	$ 548,290	$ 64,597	$ 612,887

$593,228 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$ 110,332	$ 59,546	$ 169,878
2019	110,330	59,421	169,751
2020	436,971	110,170	547,141
2021	202,954	49,505	252,459
	$ 860,587	$ 278,642	$ 1,139,229

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	3.00 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among retired members and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2015. The discount rate, assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the June 30, 2016 actuarial valuation. The rates of withdrawal, retirement and disability and mortality rates were also updated to more closely reflect actual experience.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 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 earnings 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 Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the Career Center's proportionate share of 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%)
Career Center's Proportionate Share of the Net Pension Liability	$ 2,764,248	$ 2,087,899	$ 1,521,766

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected Salary Increase	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year, for members retiring August 1, 2013, or later, 2 percent COLA 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 no 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.

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

Asset Class	Target Allocation	Long-Term Expected 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 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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 Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Career Center's proportionate share of the net pension liability as of June 30, 2016, calculated using the current period discount rate assumption of 7.75 percent, as well as what the Career Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's Proportionate Share of the Net Pension Liability	$ 13,624,717	$ 10,252,483	$ 7,407,805

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 School District's net pension liability is expected to be significant.

Note 11 - Postemployment Benefits

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, SERS did not allocate any employer contributions to the Health Care Fund. 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.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2017, 2016, and 2015 were $1,803, $1,103 and $8,215, respectively. For fiscal year 2017, the entire contribution is being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2017, 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care; therefore, the Career Center did not contribute to health care in the last three fiscal years.

Note 12 - Long - Term Obligations

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

	Outstanding 6/30/2016	Additions	Reductions	Outstanding 6/30/2017	Amounts Due in One Year
Governmental Activities:					
Loan Payable:					
Vocational School Building Assistance					
Due 6/24/19, 0%	$ 100,004	$ 0	$ 33,333	$ 66,671	$ 33,333
Net Pension Liability:					
STRS	9,157,172	1,095,311	0	10,252,483	0
SERS	1,669,319	418,580	0	2,087,899	0
Total Net Pension Liability	10,826,491	1,513,891	0	12,340,382	0
Compensated Absences	439,859	32,215	11,118	460,956	53,073
Total Governmental Activities Long-Term Liabilities	$ 11,366,354	$ 1,546,106	$ 44,451	$ 12,868,009	$ 86,406

In 2004, the Career Center received a $500,000 interest free loan from the Ohio School Facilities program, which was subsequently used to pay off an improvement note. The retirement of the loan will be made through the debt service fund.

Compensated absences will be paid from the fund in which the employee is paid. In prior years, this fund has primarily been the general fund. The Career Center pays obligations related to employee compensation from the fund benefitting from their service.

Principal requirements to retire the loan outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30,	Loan Principal
2018	$ 33,333
2019	33,338
Totals	$ 66,671

Note 13 - Jointly Governed Organizations

A. Northeastern Ohio Network for Educational Technology

The Northeastern Ohio Network for Educational Technology (NEONET) is a jointly governed organization comprised of 31 members. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for members. Each of the governments of these members supports NEONET based on a per pupil charge dependent upon the software package utilized. The NEONET assembly consists of a superintendent or designated representative from each participating member and a representative from the fiscal agent. NEONET is governed by a board of directors chosen from the general membership of the NEONET assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating members are located. Financial information can be obtained by contacting Northeast Ohio Network for Educational Technology, located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the fiscal year ended June 30, 2017, the Career Center paid $55,814 to NEONET for basic service charges.

B. Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public participants. The function of the School is to provide “at risk students” with possibly a last and a better opportunity to succeed in both their academic and social maturation. Each member governments or entity pays an annual fee based on the number of students serviced by the school. The Career Center paid $10,000 to the School in fiscal year 2017 for services. The Summit County Education Service Center serves as the fiscal agent of the School. The continued existence of the School is not dependent on the Career Center’s continued participation and no equity interest exists.

Note 14 – Contingencies

A. Grants

The Career Center received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2017, if applicable, cannot be determined at this time.

B. Litigation

The Career Center is not party to any claims or lawsuits that would, in the Career Center’s opinion, have a material effect of the basic financial statements.

C. School District Funding

School district 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 Career Center.

Note 15 – Significant Commitments

A. Encumbrance Commitments

Outstanding encumbrances for governmental funds include $225,214 in the general fund and $18,439 in the adult education fund.

B. Construction Commitment

Project	Contract Amount	Expended	Outstanding Commitment
Energy Efficiency	$ 170,973	$ 58,791	$ 112,182

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

Note 16 - Interfund Transfers

The general fund transferred $33,333 to the debt service fund to cover principal paid on the outstanding loan. The general fund also transferred $46,481 to the adult education fund in order to transfer the residual balance of student financial aid monies.

Note 17 - Set-Asides

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

Effective April 10, 2001, Senate Bill 345 eliminated the requirement that the Career Center establish and maintain a budget stabilization reserve. The monies which do not represent the Bureau of Workers Compensation (BWC) refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the Career Center's Board of Education.

The following cash basis information describes the change in the year end set-aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization	Capital Improvement	Totals
Set-Aside Reserve Balance as of June 30, 2016	$ 185,120	$ 0	$ 185,120
Current Year Set-Aside Requirement	0	70,572	70,572
Current Year Qualifying Expenditures	0	(939,913)	(939,913)
Total	$ 185,120	$ (869,341)	$ (684,221)
Balance Carried Forward to FY 2018	$ 185,120	$ 0	$ 185,120
Set-Aside Reserve Balance June 30, 2017			$ 38,707

The Career Center had qualifying disbursements during the year that reduced the capital improvements set-aside below zero. This extra amount may not be used to reduce the set-aside requirement of future years. Negatives are therefore not presented as being carried forward to the next fiscal year.

The total reserve balance for the set-asides at the end of the fiscal year was $185,120. Of the $185,120, $38,707 represents BWC refunds which are reported as a restricted fund balance. The remaining amount of $146,413 is reported as unassigned since the requirements that initially established the reserve were not specific to its use.

Note 18 – Fund Balance

Fund balance can be classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds.

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The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Adult Education	Other Governmental Funds	Total
Nonspendable for:				
Prepaid Items	$ 4,914	$ 0	$ 0	$ 4,914
Restricted for:				
Adult Education	0	129,954	0	129,954
BWC Refund	38,707	0	0	38,707
Other Purposes	0	0	20,015	20,015
Total Restricted	38,707	129,954	20,015	188,676
Committed for:				
Underground Storage Tank	11,000	0	0	11,000
Assigned for:				
Encumbrances				
Instruction	20,170	0	0	20,170
Support Services	23,979	0	0	23,979
Capital Outlay	181,065	0	0	181,065
Subsequent Year Appropriations	315,000	0	0	315,000
Total Assigned	540,214	0	0	540,214
Unassigned	7,243,580	0	0	7,243,580
Total Fund Balance (Deficit)	$ 7,838,415	$ 129,954	$ 20,015	$ 7,988,384

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Portage Lakes Career Center
Summit County, Ohio
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years (1)

	2017	2016	2015	2014
State Teachers Retirement System (STRS)				
Career Center's Proportion of the Net Pension Liability	0.03062910%	0.03313365%	0.03235076%	0.03235076%
Career Center's Proportionate Share of the Net Pension Liability	$ 10,252,483	$ 9,157,172	$ 7,868,824	$ 9,373,292
Career Center's Covered Payroll	$ 3,304,057	$ 3,498,057	$ 3,559,615	$ 3,666,346
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	310.30%	261.78%	221.06%	255.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%
School Employees Retirement System (SERS)				
Career Center's Proportion of the Net Pension Liability	0.02852680%	0.02925500%	0.03023500%	0.03023500%
Career Center's Proportionate Share of the Net Pension Liability	$ 2,087,899	$ 1,669,319	$ 1,530,176	$ 1,797,978
Career Center's Covered Payroll	$ 919,914	$ 935,539	$ 887,446	$ 1,258,519
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	226.97%	178.43%	172.42%	142.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Notes:

School Employees Retirement System (SERS)

Changes of Benefit Terms: None.

Changes of Assumptions: Amounts reported in 2017 reflect an adjustment of the rates of withdrawal, retirement and disability to more closely reflect actual experience and the expectation of retired life mortality was based on RP-2014 Blue Collar Mortality Tables and RP-2000 Disabled Mortality Table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 7.75% to 7.50%
- Assumed rate of inflation from 3.25% to 3.00%
- Payroll growth assumption from 4.00% to 3.50%
- Assumed real wage growth from 0.75% to 0.50%

Portage Lakes Career Center
Summit County, Ohio
Required Supplementary Information
Schedule of Career Center Contributions
Last Ten Fiscal Years

	2017	2016	2015
State Teachers Retirement System (STRS)			
Contractually Required Contribution	$ 473,807	$ 462,568	$ 489,728
Contributions in Relation to the Contractually Required Contribution	(473,807)	(462,568)	(489,728)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Career Center's Covered Payroll	$ 3,384,336	$ 3,304,057	$ 3,498,057
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
School Employees Retirement System (SERS)			
Contractually Required Contribution	$ 119,421	$ 128,788	$ 123,304
Contributions in Relation to the Contractually Required Contribution	(119,421)	(128,788)	(123,304)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0
Career Center's Covered Payroll	$ 853,007	$ 919,914	$ 935,539
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%

2014	2013	2012	2011	2010	2009
$ 462,750	$ 476,625	$ 493,299	$ 497,339	$ 410,077	$ 427,245
(462,750)	(476,625)	(493,299)	(497,339)	(410,077)	(427,245)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 3,559,615	$ 3,666,346	$ 3,794,608	$ 3,825,685	$ 3,154,438	$ 3,286,500
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$ 123,000	$ 174,179	$ 142,302	$ 116,206	$ 109,699	$ 71,771
(123,000)	(174,179)	(142,302)	(116,206)	(109,699)	(71,771)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 887,446	$ 1,258,519	$ 1,058,007	$ 924,471	$ 810,185	$ 729,380
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

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PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF EDUCATION			
Direct			
Federal Pell Grant Program	84.063	Not Available	$200,624
Federal Direct Student Loans	84.268	Not Available	449,949
Total Student Financial Aid Cluster			650,573
Passed Through Ohio Department of Education			
Career and Technical Education - Basic Grants to States	84.048	063495-3L90-2017	114,323
Supporting Effective Instruction State Grant	84.367	063495-3Y60-2017	1,605
Total U.S. Department of Education			766,501
Total Expenditures of Federal Awards			**$766,501**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Portage Lakes Career Center, Summit County, (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 5, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.ohioauditor.gov

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

December 5, 2017

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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

Report on Compliance for* the *Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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www.ohioauditor.gov

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 5, 2017

PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR §200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Aid Cluster CFDA 84.063 and 84.268
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

PORTAGE LAKES CAREER CENTER

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 9, 2018

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