



**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017



Dave Yost • Auditor of State

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

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MADISON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Tolles Career and Technical Center
Madison County
7877 US Highway 42 South
Plain City, OH 43064

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Tolles Career and Technical Center, Madison 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 Center's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, the Center restated beginning net position of Governmental Activities at July 1, 2016 to correct a misstatement of capital assets. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the 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 information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 27, 2018

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**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- The Center's net position of governmental activities decreased \$481,494 which represents a 7.91% decrease from 2016, as restated in Note 3.B.
- Governmental activities' general revenues accounted for \$13,213,649 in revenue or 83.65% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,582,155 in revenue or 16.35% of total revenues of \$15,795,804.
- The Center had \$16,277,298 in expenses related to governmental activities; only \$2,582,155 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,213,649 were not adequate to provide for these programs.
- The Center's only major governmental fund is the general fund. The general fund had \$14,785,982 in revenues and other financing sources and \$13,771,245 in expenditures and other financing uses. The general fund's fund balance increased \$1,014,737 from \$9,850,640 to \$10,865,377.

Using these Basic Financial Statements

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

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

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the Center did financially during fiscal year 2017. These statements include all assets and liabilities using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

These statements report the Center's *net position* and changes in position. This change in net position is important because it tells the reader whether the *financial position* of the Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the Center reports on the following activity type:

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Center's major funds. While the Center uses many funds to account for its financial transactions, the fund financial statements focus on the Center's most significant funds. The Center's only major governmental fund is the general fund.

Governmental Funds

The Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Center's basic services are reported in these funds and focus on how money flows into and out of those funds as well as the balances available for spending at fiscal year end. These funds are reported using the *modified accrual basis of accounting* which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's operations. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Reporting the Center's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center's net pension liability.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. Net position was restated at July 1, 2016, as described in Note 3.B. of the notes to the basic financial statements. The following table provides a summary of the Center's net position for fiscal years 2017 and 2016.

	Net Position	
	Governmental Activities <u>2017</u>	Restated Governmental Activities <u>2016</u>
<u>Assets</u>		
Current and other assets	\$ 19,344,612	\$ 17,971,092
Capital assets, net	<u>15,180,623</u>	<u>16,133,231</u>
Total assets	<u>34,525,235</u>	<u>34,104,323</u>
<u>Deferred Outflows of Resources</u>		
Pension	<u>4,692,440</u>	<u>1,742,598</u>
Total deferred outflows of resources	<u>4,692,440</u>	<u>1,742,598</u>
<u>Liabilities</u>		
Current liabilities	1,191,884	1,286,106
Long-term liabilities:		
Due within one year	1,061,334	970,389
Due within more than one year:		
Net pension liability	22,131,066	17,154,957
Other amounts	<u>2,742,517</u>	<u>3,517,247</u>
Total liabilities	<u>27,126,801</u>	<u>22,928,699</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for the next fiscal year	6,382,563	5,540,290
Pension	<u>99,282</u>	<u>1,287,409</u>
Total deferred inflows of resources	<u>6,481,845</u>	<u>6,827,699</u>
<u>Net Position</u>		
Net investment in capital assets	13,713,983	12,929,915
Restricted	626,770	527,762
Unrestricted (deficit)	<u>(8,731,724)</u>	<u>(7,367,154)</u>
Total net position	<u>\$ 5,609,029</u>	<u>\$ 6,090,523</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The adoption of GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27," significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

Net position was restated at July 1, 2016, as described in Note 3.B. of the notes to the basic financial statements.

	Change in Net Position	
	(Restated)	
	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 929,862	\$ 674,662
Operating grants and contributions	1,652,293	2,031,179
General revenues:		
Property taxes	10,546,220	10,168,385
Grants and entitlements	2,503,523	2,568,059
Investment earnings	39,782	64,429
Other	<u>124,124</u>	<u>120,599</u>
Total revenues	<u>15,795,804</u>	<u>15,627,313</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 2,190,437	\$ 1,966,597
Special	925,056	1,003,302
Vocational	6,315,405	5,820,429
Adult/Continuing	407,530	231,624
Other	124,617	120,408
Support services:		
Pupil	609,753	569,715
Instructional staff	214,289	463,311
Board of education	90,709	113,686
Administration	1,385,952	1,479,013
Fiscal	564,949	468,454
Operations and maintenance	1,736,429	2,881,823
Pupil transportation	53,958	36,969
Central	1,022,294	1,051,799
Other non-instructional services	472,419	264,461
Extracurricular activities	35,499	42,739
Interest and fiscal charges	<u>128,002</u>	<u>100,923</u>
Total expenses	<u>16,277,298</u>	<u>16,615,253</u>
Change in net position	(481,494)	(987,940)
Net position at beginning of year (restated)	<u>6,090,523</u>	<u>7,078,463</u>
Net position at end of year	<u>\$ 5,609,029</u>	<u>\$ 6,090,523</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

Governmental Activities

Net position of the Center's governmental activities decreased by \$481,494 for the year ended June 30, 2017. The decrease was primarily due to the increase in expenses related to the net pension liability.

Property taxes and grants and entitlements represent 82.62% percent of total Center revenues. Program revenues for governmental activities are 16.35% percent of total revenues and are primarily represented by charges for tuition and fees and restricted intergovernmental revenues.

The major program expense for governmental activities is for instruction, which is 61.21% percent of all governmental expenses.

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

Governmental Activities

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses				
Instruction:				
Regular	\$ 2,190,437	\$ 2,190,437	\$ 1,966,597	\$ 1,966,597
Special	925,056	329,620	1,003,302	488,819
Vocational	6,315,405	5,100,678	5,820,429	4,255,643
Adult/Continuing	407,530	82,685	231,624	51,368
Other	124,617	124,617	120,408	114,374
Support services:				
Pupil	609,753	582,611	569,715	547,805
Instructional staff	214,289	209,688	463,311	441,132
Board of education	90,709	90,709	113,686	113,686
Administration	1,385,952	1,320,089	1,479,013	1,394,727
Fiscal	564,949	564,949	468,454	468,454
Operations and maintenance	1,736,429	1,736,429	2,881,823	2,881,823
Pupil transportation	53,958	53,958	36,969	34,856
Central	1,022,294	934,450	1,051,799	998,128
Other non-instructional services	472,419	210,722	264,461	8,338
Extracurricular activities	35,499	35,499	42,739	42,739
Interest and fiscal charges	128,002	128,002	100,923	100,923
Total expenses	<u>\$ 16,277,298</u>	<u>\$ 13,695,143</u>	<u>\$ 16,615,253</u>	<u>\$ 13,909,412</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

The Career Center's Funds

The Center's governmental funds reported a combined fund balance of \$11,468,586, which is more than last year's total balance of \$10,828,905. The table below indicates the fund balance and the total change in fund balance as of June 30, 2017 and June 30, 2016.

	Fund Balance <u>June 30, 2017</u>	Fund Balance <u>June 30, 2016</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 10,865,377	\$ 9,850,640	\$ 1,014,737	10.30 %
Nonmajor governmental	<u>603,209</u>	<u>978,265</u>	<u>(375,056)</u>	(38.34) %
Total	<u>\$ 11,468,586</u>	<u>\$ 10,828,905</u>	<u>\$ 639,681</u>	5.91 %

General Fund

The Center's general fund balance increased \$1,014,737 during fiscal year 2017.

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

	2017 <u>Amount</u>	2016 <u>Amount</u>	<u>Change</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 10,580,434	\$ 9,998,897	\$ 581,537	5.82 %
Tuition	197,517	198,635	(1,118)	(0.56) %
Earnings on investments	45,901	53,846	(7,945)	(14.76) %
Intergovernmental	3,236,720	3,129,090	107,630	3.44 %
Other revenues	<u>530,020</u>	<u>337,262</u>	<u>192,758</u>	57.15 %
Total	<u>\$ 14,590,592</u>	<u>\$ 13,717,730</u>	<u>\$ 872,862</u>	6.36 %
<u>Expenditures</u>				
Instruction	\$ 7,499,815	\$ 7,535,501	\$ (35,686)	(0.47) %
Support services	4,605,824	5,404,337	(798,513)	(14.78) %
Non-instructional services	173,383	-	173,383	100.00 %
Extracurricular activities	33,703	43,261	(9,558)	(22.09) %
Facilities acquisition and construction	-	142,420	(142,420)	(100.00) %
Capital outlay	195,390	-	195,390	100.00 %
Debt service	<u>68,999</u>	<u>31,454</u>	<u>37,545</u>	119.36 %
Total	<u>\$ 12,577,114</u>	<u>\$ 13,156,973</u>	<u>\$ (579,859)</u>	(4.41) %

The general fund balance increased during fiscal year 2017 as a result of increased property tax collections, a decrease in instructional and support services expenditures and fewer maintenance projects. Capital outlay and debt service increased due to a new capital lease agreement for copier equipment that was entered into during fiscal year 2017.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

General Fund Budgeting Highlights

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

During the course of fiscal 2017, the Center amended its general fund budget as needed.

Original and final budgeted resources totaled \$13,377,400 and \$14,259,300, respectively. Actual budgeted resources were \$185 lower than final budgeted resources.

Original and final budgeted expenditures in the amount of \$13,775,205 and \$13,455,980, respectively. Actual budgeted expenditures were \$39,305 less than final budgeted expenditures. The Center generally over appropriates in case unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2017, the Center had \$15,180,623 invested in land, land improvements, buildings and building improvements, furniture and equipment, and vehicles (net of accumulated depreciation); all in governmental activities. Capital assets were restated at July 1, 2016 as detailed in Note 3.B. of the notes to the basic financial statements.

See Note 8 for more information about the Center's capital assets.

Debt Administration

At June 30, 2017, the Center had \$2,916,921 in governmental activity debt outstanding. The following table summarizes the Center's long-term obligations at June 30, 2017 and June 30, 2016.

Outstanding Debt, at Year End

	Governmental Activities <u>2017</u>	Governmental Activities <u>2016</u>
General obligation bonds	\$ 710,000	\$ 1,390,000
Capital lease obligation	161,208	20,724
Promissory note	<u>2,045,713</u>	<u>2,203,359</u>
Total	<u>\$ 2,916,921</u>	<u>\$ 3,614,083</u>

See Note 9 to the basic financial statements for additional information on the Center's debt administration.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Current Financial Related Activities

The Center covers a diverse area that includes suburban residential areas as well as farming communities in Franklin, Madison, Union, Delaware and Fayette Counties.

The Center has maintained an excellent financial position over the last 31 years. In 1972, a 1.8 mill continuing levy was passed. Because of significant growth in the Center over the years the millage had been reduced. The last reduction was from 1.1 mill to .5 mill effective January 1, 2003. Effective January 1, 2007, the Center's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the Center's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The latest five-year forecast as prepared in May 2017 shows a positive cash balance through fiscal year 2021. However, the future financial stability of the Center is not without challenges. The first challenge is for management to ensure resources can be preserved as long as possible by continuing to maintain careful financial planning and prudent fiscal management. The second challenge is based in the local economy and the state funding of education in Ohio.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the Center's finances and to reflect the Center's accountability for monies it receives. Questions concerning any information in this report or requests for additional information should be directed to Tammy Woods, Treasurer, 7877 US Highway 42 South, Plain City, Ohio 43064 or by calling 614-873-4666.

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**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2017

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash, cash equivalents and investments	\$ 8,070,595
Receivables:	
Property taxes	11,019,293
Accounts	21,807
Accrued interest	5,093
Intergovernmental	162,028
Prepayments	5,090
Materials and supplies inventory	59,766
Inventory held for resale	940
Capital assets:	
Nondepreciable capital assets	150,000
Depreciable capital assets, net	15,030,623
Capital assets, net	<u>15,180,623</u>
Total assets	<u>34,525,235</u>
Deferred outflows of resources:	
Pension - STRS	3,878,657
Pension - SERS	813,783
Total deferred outflows of resources	<u>4,692,440</u>
Liabilities:	
Accounts payable	41,575
Accrued wages and benefits payable	964,187
Intergovernmental payable	44,720
Pension obligation payable	129,646
Accrued interest payable	11,756
Long-term liabilities:	
Due within one year	1,061,334
Due in more than one year:	
Net pension liability	22,131,066
Other amounts due in more than one year	2,742,517
Total liabilities	<u>27,126,801</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	6,382,563
Pension - STRS	62,951
Pension - SERS	36,331
Total deferred inflows of resources	<u>6,481,845</u>
Net position:	
Net investment in capital assets	13,713,983
Restricted for:	
Capital projects	556,794
Locally funded programs	2,634
State funded programs	7,044
Federally funded programs	3,613
Other purposes	56,685
Unrestricted (deficit)	(8,731,724)
Total net position	<u>\$ 5,609,029</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 2,190,437	\$ -	\$ -	\$ (2,190,437)
Special	925,056	-	595,436	(329,620)
Vocational	6,315,405	587,372	627,355	(5,100,678)
Adult/continuing.	407,530	83,684	241,161	(82,685)
Other	124,617	-	-	(124,617)
Support services:				
Pupil.	609,753	16,041	11,101	(582,611)
Instructional staff	214,289	-	4,601	(209,688)
Board of education	90,709	-	-	(90,709)
Administration.	1,385,952	16,732	49,131	(1,320,089)
Fiscal.	564,949	-	-	(564,949)
Operations and maintenance	1,736,429	-	-	(1,736,429)
Pupil transportation.	53,958	-	-	(53,958)
Central	1,022,294	80,150	7,694	(934,450)
Operation of non-instructional services:				
Other non-instructional services	173,383	-	-	(173,383)
Food service operations	299,036	145,883	115,814	(37,339)
Extracurricular activities.	35,499	-	-	(35,499)
Interest and fiscal charges	128,002	-	-	(128,002)
Total governmental activities	\$ 16,277,298	\$ 929,862	\$ 1,652,293	(13,695,143)
General revenues:				
Property taxes levied for:				
General purposes				10,546,220
Grants and entitlements not restricted to specific programs				2,503,523
Investment earnings				39,782
Miscellaneous				124,124
Total general revenues.				13,213,649
Change in net position				(481,494)
Net position at beginning of year (restated).				6,090,523
Net position at end of year.				\$ 5,609,029

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash, cash equivalents, and investments	\$ 7,427,979	\$ 642,616	\$ 8,070,595
Receivables:			
Property taxes	11,019,293	-	11,019,293
Accounts	20,932	875	21,807
Accrued interest	5,093	-	5,093
Intergovernmental	23,063	138,965	162,028
Prepayments	4,626	464	5,090
Materials and supplies inventory	59,766	-	59,766
Inventory held for resale	-	940	940
Due from other funds	56,200	-	56,200
Total assets	\$ 18,616,952	\$ 783,860	\$ 19,400,812
Liabilities:			
Accounts payable	\$ 12,782	\$ 28,793	\$ 41,575
Accrued wages and benefits payable	885,904	78,283	964,187
Compensated absences payable	51,528	-	51,528
Intergovernmental payable	40,272	4,448	44,720
Pension obligation payable	116,719	12,927	129,646
Due to other funds	-	56,200	56,200
Total liabilities	1,107,205	180,651	1,287,856
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,382,563	-	6,382,563
Delinquent property tax revenue not available	257,343	-	257,343
Accrued interest not available	4,464	-	4,464
Total deferred inflows of resources	6,644,370	-	6,644,370
Fund balances:			
Nonspendable:			
Materials and supplies inventory	59,766	-	59,766
Prepays	4,626	464	5,090
Restricted:			
Capital improvements	-	556,794	556,794
Adult education	-	32,149	32,149
Food service operations	-	30,780	30,780
Other purposes	-	11,880	11,880
Assigned:			
Student instruction	18,068	-	18,068
Student and staff support	137,652	-	137,652
Extracurricular activities	345	-	345
Subsequent year appropriations	49,522	-	49,522
Health insurance	105,690	-	105,690
Other purposes	315,503	-	315,503
Unassigned (deficit)	10,174,205	(28,858)	10,145,347
Total fund balances	10,865,377	603,209	11,468,586
Total liabilities, deferred inflows and fund balances	\$ 18,616,952	\$ 783,860	\$ 19,400,812

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

Total governmental fund balances		\$ 11,468,586
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		15,180,623
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 257,343	
Accrued interest receivable	4,464	
Total		261,807
Unamortized premiums on bonds issued are not recognized in the funds.		(20,375)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(11,756)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(710,000)	
Capital lease obligations	(161,208)	
Compensated absences	(815,027)	
Promissory note	(2,045,713)	
Total		(3,731,948)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - Pension	4,692,440	
Deferred inflows - Pension	(99,282)	
Net pension liability	(22,131,066)	
Total		(17,537,908)
Net position of governmental activities		\$ 5,609,029

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 10,580,434	\$ -	\$ 10,580,434
Tuition	197,517	180,566	378,083
Earnings on investments	45,901	-	45,901
Charges for services	-	145,883	145,883
Extracurricular	11,628	-	11,628
Classroom materials and fees	65,752	-	65,752
Rental income	1,143	-	1,143
Contributions and donations	3,270	2,150	5,420
Contract services	165,512	-	165,512
Other local revenues	282,715	-	282,715
Intergovernmental - intermediate	-	4,500	4,500
Intergovernmental - state	3,236,720	135,796	3,372,516
Intergovernmental - federal	-	791,866	791,866
Total revenues	<u>14,590,592</u>	<u>1,260,761</u>	<u>15,851,353</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,955,224	30,913	1,986,137
Special	532,227	399,401	931,628
Vocational	4,897,008	129,668	5,026,676
Adult/continuing	-	387,108	387,108
Other	115,356	-	115,356
Support services:			
Pupil	528,361	10,237	538,598
Instructional staff	254,888	9,577	264,465
Board of education	89,603	-	89,603
Administration	1,114,749	69,234	1,183,983
Fiscal	516,056	-	516,056
Operations and maintenance	1,187,039	-	1,187,039
Pupil transportation	42,739	-	42,739
Central	872,389	113,604	985,993
Operation of non-instructional services:			
Other operation of non-instructional	173,383	-	173,383
Food service operations	-	269,701	269,701
Extracurricular activities	33,703	-	33,703
Facilities acquisition and construction	-	450,924	450,924
Capital outlay	195,390	-	195,390
Debt service:			
Principal retirement	54,906	837,646	892,552
Interest and fiscal charges	14,093	121,935	136,028
Total expenditures	<u>12,577,114</u>	<u>2,829,948</u>	<u>15,407,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,013,478</u>	<u>(1,569,187)</u>	<u>444,291</u>
Other financing sources (uses):			
Transfers in	-	1,194,131	1,194,131
Transfers (out)	(1,194,131)	-	(1,194,131)
Capital lease transaction	195,390	-	195,390
Total other financing sources (uses)	<u>(998,741)</u>	<u>1,194,131</u>	<u>195,390</u>
Net change in fund balances	1,014,737	(375,056)	639,681
Fund balances at beginning of year	<u>9,850,640</u>	<u>978,265</u>	<u>10,828,905</u>
Fund balances at end of year	<u>\$ 10,865,377</u>	<u>\$ 603,209</u>	<u>\$ 11,468,586</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON 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	\$	639,681
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 319,834	
Current year depreciation	(1,083,851)	
Total		(764,017)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(188,591)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(34,214)	
Earnings on investments	(6,119)	
Intergovernmental	(15,216)	
Total		(55,549)
Repayment of bond, note, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	680,000	
Promissory note	157,646	
Capital leases	54,906	
Total		892,552
Issuance of capital lease obligations are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(195,390)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	19,123	
Amortization of bond premiums	19,782	
Total		38,905
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resource and therefore are not reported as expenditures in governmental funds.		
		(10,945)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,034,185
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,872,325)
Change in net position of governmental activities	\$	(481,494)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 9,547,861	\$ 10,177,300	\$ 10,177,282	\$ (18)
Tuition.	185,332	197,550	197,517	(33)
Earnings on investments	58,423	62,275	62,250	(25)
Rental income	1,079	1,150	1,143	(7)
Other local revenues	104,885	111,800	111,773	(27)
Intergovernmental - state	3,056,501	3,258,000	3,257,947	(53)
Total revenues	<u>12,954,082</u>	<u>13,808,075</u>	<u>13,807,912</u>	<u>(163)</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,014,500	1,967,816	1,957,486	10,330
Special.	572,175	558,915	558,622	293
Vocational.	4,883,730	4,770,555	4,758,172	12,383
Other.	118,542	115,795	115,269	526
Support services:				
Pupil.	556,026	543,141	542,659	482
Instructional staff	263,436	257,331	256,983	348
Board of education	156,478	152,852	152,729	123
Administration.	1,179,455	1,152,122	1,144,653	7,469
Fiscal	534,430	522,045	521,791	254
Business	1,024	1,000	1,000	-
Operations and maintenance.	1,229,847	1,201,347	1,200,821	526
Pupil transportation	43,831	42,815	42,739	76
Central.	955,795	933,646	931,837	1,809
Extracurricular activities.	34,617	33,815	33,771	44
Facilities acquisition and construction	4,745	4,635	-	4,635
Total expenditures	<u>12,548,631</u>	<u>12,257,830</u>	<u>12,218,532</u>	<u>39,298</u>
Excess of expenditures over revenues.	<u>405,452</u>	<u>1,550,245</u>	<u>1,589,380</u>	<u>39,135</u>
Other financing sources (uses):				
Refund of prior year's expenditures	281	300	279	(21)
Transfers (out).	(1,226,574)	(1,198,150)	(1,198,144)	6
Advances in.	423,036	450,925	450,924	(1)
Total other financing sources (uses)	<u>(803,257)</u>	<u>(746,925)</u>	<u>(746,941)</u>	<u>(16)</u>
Net change in fund balance	(397,805)	803,320	842,439	39,119
Fund balance at beginning of year	5,562,471	5,562,471	5,562,471	-
Prior year encumbrances appropriated	511,175	511,175	511,175	-
Fund balance at end of year	<u>\$ 5,675,841</u>	<u>\$ 6,876,966</u>	<u>\$ 6,916,085</u>	<u>\$ 39,119</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2017

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 24,934
Receivables:	
Accounts	306
Total assets.	<u>\$ 25,240</u>
Liabilities:	
Due to others.	\$ 25,240
Total liabilities	<u>\$ 25,240</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 1 - DESCRIPTION OF THE CENTER

The Tolles Career & Technical Center (the “Center”) was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The Center is a fiscally independent political subdivision of the State of Ohio. The Center is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The Center had been supported by a 1.6 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program. At the request of the Center’s Board of Education, the Madison County Budget Commission reduced the Center’s continuing operating mills to .5 mills effective January, 2003. On November 20, 2006, the Madison County Budget Commission agreed to reinstate the Center's millage to 1.3 mills effective January 1, 2007. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the Center's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The Center provides job training leading to employment upon graduation from high school. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

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

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

The Center participates in the Ohio School Boards Association Workers’ Compensation Group Rating Plan, an insurance purchasing pool and with META Solutions, a jointly governed organization. These organizations are presented in Notes 14 and 15 to the basic financial statements.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the 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 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 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 Center with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements - During the year, the Center segregates transactions related to certain 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 Center at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

GOVERNMENTAL FUND TYPES

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 balances. The Center has the following major governmental fund:

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

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

FIDUCIARY FUND TYPES

Fiduciary fund reporting focuses on net position and changes in net position. The Center's fiduciary fund is an agency fund. An agency fund is purely custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Center's agency fund accounts for student activities.

C. Measurement Focus/Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the 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 reflects 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 fund statements for governmental funds.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of the fiscal year-end.

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

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

Deferred Inflows/Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The Center has one item that qualifies for reporting in this category, deferred charges on pension cost is reported in the government-wide statement of net position. The deferred outflows related to pensions are explained in Note 11.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Center has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as deferred inflows on the government-wide statement of net position. The deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Note 11 for further information.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

On the modified accrual basis of accounting, the Center has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance year 2018 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources.

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

Expenses/Expenditures - On the accrual basis, expenses are recognized at the time they are incurred.

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

E. Cash and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash, cash equivalents and investments" on the basic financial statements.

During fiscal year 2017, investments were limited to federal agency securities, negotiable certificates of deposit (CDs), commercial paper, U.S. Government money market funds, and STAR Ohio. 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 Center measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$45,901, which includes \$4,399 assigned from other Center funds.

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

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

F. Inventories

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventories consist of donated and purchased food, and supplies held for resale, and materials and supplies for consumption.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items.

H. Capital Assets

Capital assets generally result from expenditures of 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.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The Center maintains a capitalization threshold of \$1,000. The Center does not have any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

<u>Description</u>	<u>Estimated Lives</u>
Building and building improvements	15 – 50 years
Furniture and equipment	5 – 25 years
Vehicles	5 – 15 years
Land improvements	15 – 99 years

I. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as due to/other funds. Interfund balances within governmental activities are eliminated on the government wide statement of net position.

J. 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 Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits as well as those that are probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for employees age 50 or older after ten years of service.

K. 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. Capital leases are recognized as a liability on the fund financial statements when due.

L. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

M. Fund Balance

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

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

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

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

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

N. 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 are recorded net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Estimates

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

P. Unamortized Bond Premium

In the government-wide financial statements bond premiums and deferred amounts on refunding are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Q. Restricted Assets

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

R. Pensions

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

S. Fair Value

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the Center's fiscal year 2017 financial statements (see Note 7); however, there was no effect on beginning net position/fund balance.

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

B. Restatement of Net Position

A restatement of net position is required to properly state capital assets at June 30, 2017. It was determined during fiscal year 2017 that certain costs related to the energy conservation project included in construction in progress at June 30, 2016, should not be capitalized. In addition, capital asset balances and accumulated depreciation for buildings and improvements, furniture and equipment and vehicles were restated due to the issues noted above. See Note 8 of the notes to the basic financial statements for detail.

	Governmental Activities
Net position as previously reported	\$ 7,322,510
Prior period adjustment for capital assets	(1,231,987)
Restated net position at July 1, 2016	\$ 6,090,523

C. Deficit Fund Balances

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

Nonmajor funds	Deficit
Adult basic education	\$ 22,810
Miscellaneous federal grants	5,809

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

NOTE 4 - CASH AND INVESTMENTS

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

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

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At June 30, 2017, the Center had \$1,210 in cash on hand. This amount is reported as “equity in pooled cash, cash equivalents and investments” on the basic financial statements.

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all Center deposits was \$4,048,990. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2017, \$4,098,712 of the Center’s bank balance of \$4,348,712 was exposed to custodial risk as discussed below, while \$250,000 was covered by the FDIC.

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

C. Investments

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

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Amortized Cost:</i>						
STAR Ohio	\$ 50	\$ 50	\$ -	\$ -	\$ -	\$ -
<i>Fair Value:</i>						
FHLB	329,623	329,623	-	-	-	-
FHLMC	473,450	-	174,594	298,856	-	-
FNMA	984,857	-	-	199,290	-	785,567
U.S. Government money market	21,623	21,623	-	-	-	-
Negotiable CDs	746,663	-	-	248,152	-	498,511
Commercial paper	1,489,063	596,940	892,123	-	-	-
Total	\$ 4,045,329	\$ 948,236	\$ 1,066,717	\$ 746,298	\$ -	\$ 1,284,078

The weighted average maturity of investments is 1.43 years.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The Center's investments in STAR Ohio, U.S. Government money market accounts are valued using quoted market prices in active markets (Level 1 inputs). The Center's investments in federal agency securities (FHLB, FHLMC, FNMA), commercial paper and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: The Center's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned U.S. Government money market mutual funds and STAR Ohio an AAAM money market rating. The Center's commercial paper and negotiable certificates of deposit were not rated. The Center has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Center's name. The Center has no investment policy dealing with investment custodial 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 Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2017:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% to Total</u>
<i>Amortized Cost:</i>		
STAR Ohio	\$ 50	0.00
<i>Fair Value:</i>		
FHLB	329,623	8.15
FHLMC	473,450	11.70
FNMA	984,857	24.35
U.S. Government money market	21,623	0.53
Negotiable CDs	746,663	18.46
Commercial paper	<u>1,489,063</u>	<u>36.81</u>
Total	<u>\$ 4,045,329</u>	<u>100.00</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,048,990
Investments	4,045,329
Cash with fiscal agents	1,210
Total	\$ 8,095,529
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,070,595
Agency funds	24,934
Total	\$ 8,095,529

NOTE 5 - PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis, while the Center’s fiscal year runs from July through June. They include amounts levied against all real, public utility, and tangible personal property located in the Center’s boundaries. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is usually due January 20, with the remainder payable June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Center receives property taxes from Madison, Franklin, Union, Delaware and Fayette Counties. Tax settlements are made each February and August for real property and each June and October for personal property taxes.

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of fiscal year end, and for which there was an enforceable legal claim. Although, total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The receivable is offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2017 was \$4,379,387.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5 - PROPERTY TAXES - (Continued)

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On the modified accrual basis, the revenue is a deferred inflow of resources.

The full tax rate at the fiscal year ended June 30, 2017 for operations was \$1.60 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2017 taxes were collected were as follows:

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 6,744,149,200	97.08	\$ 6,595,906,550	95.48
Public utility personal	<u>202,947,260</u>	<u>2.92</u>	<u>312,032,580</u>	<u>4.52</u>
Total	<u>\$ 6,947,096,460</u>	<u>100.00</u>	<u>\$ 6,907,939,130</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 1.60		\$ 1.60	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, interest, accounts (tuition and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of federal funds.

A summary of the receivables follows:

Governmental Activities	<u>Amount</u>
Property taxes	\$ 11,019,293
Accounts	21,807
Interest	5,093
Intergovernmental	<u>162,028</u>
Total Governmental Activities	<u>\$ 11,208,221</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Other governments entered into property tax abatement agreements with property and business owners under Enterprise Zone Agreements (“EZAs”) and the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the Career Center. The EZAs and CRA program are directive incentive tax exemption programs benefiting property and business owners who renovate or construct new buildings or bring new jobs into the area. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock, the development of new structures, and economic growth. Within the taxing districts of the Career Center, certain municipal governments located in the counties of Franklin and Union have entered into such agreements. Under the agreements, the Center’s property taxes were reduced by \$31,530 in Franklin County and \$1,130 in Union County during fiscal year 2017.

NOTE 8 - CAPITAL ASSETS

Capital assets have been restated at July 1, 2016, as described in Note 3.B of the notes to the basic financial statements. The restatement had the following effect on the capital assets balances at June 30, 2016:

	Balance		(Restated)
	June 30, 2016	Adjustments	Balance July 1, 2016
<i>Governmental Activities</i>			
Nondepreciable capital assets:			
Land	\$ 150,000	\$ -	\$ 150,000
Construction in progress	<u>1,803,686</u>	<u>(1,803,686)</u>	<u>-</u>
Total nondepreciable capital assets	<u>1,953,686</u>	<u>(1,803,686)</u>	<u>150,000</u>
Depreciable capital assets:			
Land improvements	104,016	-	104,016
Building and building improvements	21,895,806	586,793	22,482,599
Furniture and equipment	9,120,595	(299,060)	8,821,535
Vehicles	<u>112,479</u>	<u>169,679</u>	<u>282,158</u>
Total depreciable capital assets	<u>31,232,896</u>	<u>457,412</u>	<u>31,690,308</u>
Accumulated depreciation:			
Land improvements	(19,134)	-	(19,134)
Building and building improvements	(10,389,108)	-	(10,389,108)
Furniture and equipment	(5,335,611)	234,126	(5,101,485)
Vehicles	<u>(77,511)</u>	<u>(119,839)</u>	<u>(197,350)</u>
Total accumulated depreciation	<u>(15,821,364)</u>	<u>114,287</u>	<u>(15,707,077)</u>
Total governmental activities capital assets, net	<u>\$ 17,365,218</u>	<u>\$ (1,231,987)</u>	<u>\$ 16,133,231</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS - (Continued)

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

	(Restated)			
	Balance			Balance
	June 30, 2016	Additions	Disposals	June 30, 2017
<i>Governmental Activities</i>				
Nondepreciable capital assets:				
Land	\$ 150,000	\$ -	\$ -	\$ 150,000
Total nondepreciable capital assets	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>150,000</u>
Depreciable capital assets:				
Land improvements	104,016	-	-	104,016
Building and building improvements	22,482,599	-	-	22,482,599
Furniture and equipment	8,821,535	319,834	(574,842)	8,566,527
Vehicles	282,158	-	-	282,158
Total depreciable capital assets	<u>31,690,308</u>	<u>319,834</u>	<u>(574,842)</u>	<u>31,435,300</u>
Accumulated depreciation:				
Land improvements	(19,134)	(2,173)	-	(21,307)
Building and building improvements	(10,389,108)	(532,617)	-	(10,921,725)
Furniture and equipment	(5,101,485)	(544,405)	386,251	(5,259,639)
Vehicles	(197,350)	(4,656)	-	(202,006)
Total accumulated depreciation	<u>(15,707,077)</u>	<u>(1,083,851)</u>	<u>386,251</u>	<u>(16,404,677)</u>
Total depreciable capital assets, net	<u>15,983,231</u>	<u>(764,017)</u>	<u>(188,591)</u>	<u>15,030,623</u>
Total governmental activities capital assets, net	<u>\$ 16,133,231</u>	<u>\$ (764,017)</u>	<u>\$ (188,591)</u>	<u>\$ 15,180,623</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instructional:	
Regular	\$ 22,862
Special	6,173
Vocational	840,006
Adult/continuing	222
Support services:	
Pupil	3,207
Instructional staff	103,664
Administration	2,593
Fiscal	401
Operation and maintenance of plant	85,382
Central	1,344
Food Service	17,997
Total depreciation	<u>\$ 1,083,851</u>

NOTE 9 - LONG-TERM OBLIGATIONS

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

	Balance <u>June 30, 2016</u>	Additions	Reductions	Balance <u>June 30, 2017</u>	Amounts Due <u>in One Year</u>
<i>Governmental Activities</i>					
General obligation bonds	\$ 1,390,000	\$ -	\$ (680,000)	\$ 710,000	\$ 710,000
Promissory note	2,203,359	-	(157,646)	2,045,713	163,661
Capital leases payable	20,724	195,390	(54,906)	161,208	35,617
Net pension liability	17,154,957	4,976,109	-	22,131,066	-
Compensated absences payable	<u>833,396</u>	<u>181,601</u>	<u>(148,442)</u>	<u>866,555</u>	<u>152,056</u>
Total	<u>\$ 21,602,436</u>	<u>\$ 5,353,100</u>	<u>\$ (1,040,994)</u>	<u>\$ 25,914,542</u>	<u>\$ 1,061,334</u>
Add: Unamortized premiums				<u>20,375</u>	
Total amount reported on the statement of net position				<u>\$ 25,934,917</u>	

Payments of principal and interest relating to the bonds and the capital lease agreement are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund) and general fund, respectively. Compensated absences are paid from the general fund for all funds except the adult education fund (a nonmajor governmental fund).

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

See Note 11 for further discussion of the net pension liability.

On September 27, 2007 the Board of Education issued \$6,590,000 in un-voted general obligation bonds for the purpose of renovating, constructing and improving the existing school facilities. A portion of these bonds, \$650,000, were for the purchase and installation of energy conservation measures, which were initially, paid from existing general fund monies. As a result, proceeds of \$650,000 were recorded in the general fund. Bond issuance costs of \$121,375 were incurred in conjunction with the issuance. The effective interest rate on the bonds outstanding is 3.8%.

The following is a schedule of the future annual debt service requirements for the general obligation bonds:

Fiscal Year	Principal	Interest	Total
2018	\$ 710,000	\$ 14,200	\$ 724,200

On February 19, 2016 the Board of Education entered into a promissory note with the Richwood Banking Company for \$2,254,610 in order to fund an energy conservation project. The note carries an interest rate of 3.75%. The note will mature on November 20, 2027. At June 30, 2017, the Center has capitalized assets with a carrying value of \$575,057, that were related to the project.

The following is a schedule of the future annual debt service requirements for the promissory note.

Fiscal Year	Principal	Interest	Total
2018	\$ 163,661	\$ 73,920	\$ 237,581
2019	169,905	67,676	237,581
2020	176,387	61,194	237,581
2021	183,116	54,465	237,581
2022	190,102	47,479	237,581
2023 - 2027	1,064,996	122,909	1,187,905
2028	97,546	913	98,459
Total	\$ 2,045,713	\$ 428,556	\$ 2,474,269

NOTE 10 - CAPITAL LEASES

The Center entered into a new capital lease agreement in fiscal year 2017 and retired a previous capital lease agreement. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Principal payments made from the General fund on the leases in 2017 were \$54,906, respectively.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - CAPITAL LEASES - (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments of June 30, 2017:

Year	Governmental Activities
2018	\$ 47,227
2019	47,227
2020	47,227
2021	47,227
Total	188,908
Less: Amount representing interest	(27,700)
Present Value of Net Minimum Lease Payments	\$ 161,208

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 *due to other governments benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Center’s contractually required contribution to SERS was \$191,870 for fiscal year 2017. Of this amount, \$4,459 is reported as due to other governments benefits payable.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The Center’s contractually required contribution to STRS was \$842,315 for fiscal year 2017. Of this amount, \$118,265 is reported as due to other governments benefits payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.047280100%	0.052310560%	
Proportion of the net pension liability current measurement date	<u>0.048365200%</u>	<u>0.055540800%</u>	
Change in proportionate share	<u>0.001085100%</u>	<u>0.003230240%</u>	
Proportionate share of the net pension liability	\$ 3,539,886	\$ 18,591,180	\$ 22,131,066
Pension expense	\$ 359,099	\$ 1,513,226	\$ 1,872,325

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 47,744	\$ 751,175	\$ 798,919
Net difference between projected and actual earnings on pension plan investments	291,990	1,543,569	1,835,559
Changes of assumptions	236,307	-	236,307
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	45,872	741,598	787,470
Center contributions subsequent to the measurement date	<u>191,870</u>	<u>842,315</u>	<u>1,034,185</u>
Total deferred outflows of resources	<u>\$ 813,783</u>	<u>\$ 3,878,657</u>	<u>\$ 4,692,440</u>

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	\$ 36,331	\$ 62,951	\$ 99,282
Total deferred inflows of resources	\$ 36,331	\$ 62,951	\$ 99,282

\$1,034,185 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$ 143,954	\$ 527,740	\$ 671,694
2019	143,745	527,742	671,487
2020	213,950	1,120,054	1,334,004
2021	83,934	797,854	881,788
Total	\$ 585,583	\$ 2,973,390	\$ 3,558,973

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.

**TOLLES CAREER AND TECHNICAL CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Center's proportionate share of the net pension liability	\$ 4,686,589	\$ 3,539,886	\$ 2,580,049

Changes Between Measurement Date and Report Date - In October 2017, the SERS Board voted to suspend cost of living adjustments granted on January 1, 2018. Although the exact amount of these changes is not known, the overall decrease to the Center's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return *</u>
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	 <u>100.00 %</u>	 <u>7.61 %</u>

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.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Center's proportionate share of the net pension liability	\$ 24,706,167	\$ 18,591,180	\$ 13,432,828

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

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the Center’s surcharge obligation was \$5,526.

The Center’s contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$5,526, \$7,010, and \$18,005, respectively. The fiscal year 2017 amount has been reported as due to other governments benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

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

NOTE 13 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only administrative and twelve month school support personnel accumulate vacation based on the following factors:

<u>Years of Service</u>	<u>Vacation Days</u>
After 1 Year	10
5 or more Years	15
10 or more Years	20

All administrative personnel earn twenty days vacation annually.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE 13 - COMPENSATED ABSENCES - (Continued)

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 335 days. Upon retirement, all employees with 20 years of service to the Center receive 27% of accumulated sick leave. All other qualified employees receive 25% of accumulated sick leave.

NOTE 14 - RISK MANAGEMENT

A. General Risk

The Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Center has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$3,000,000 for each occurrence and \$5,000,000 in the aggregate.

The Center maintains fleet insurance in the amount of \$3,000,000 for any one accident or loss.

The Center maintains replacement cost insurance on buildings and contents in the amount of \$56,313,060 (subject to scheduled limits). The Center maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions of coverage from the prior years.

B. Workers' Compensation-Public Entity Risk Pool

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school Centers 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 Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts 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 school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - RISK MANAGEMENT - (Continued)

C. Employee Insurance

The Center provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Council insurance purchasing program. The Center has elected to provide employee medical/surgical benefits through United HealthCare and dental benefits through Oasis Trust, fully funded programs.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The Center is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), and Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from twelve of the member districts. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

NOTE 16 - COMMITMENTS

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

<u>Fund</u>	<u>Year-End</u>
General fund	\$ 145,189
Other governmental	<u>16,904</u>
Total	<u>\$ 162,093</u>

NOTE 17 - STATUTORY RESERVES

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 17 - STATUTORY RESERVES - (Continued)

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	127,413
Current year offsets	<u>(234,116)</u>
Total	<u>\$ (106,703)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 842,439
Net adjustment for revenue accruals	378,827
Net adjustment for expenditure accruals	(134,034)
Net adjustment for other sources/uses	(251,800)
Funds budgeted elsewhere	26,598
Adjustment for encumbrances	152,707
GAAP basis	<u>\$ 1,014,737</u>

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

NOTE 19 - INTERFUND TRANSACTIONS

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

<u>Transfers from:</u>	<u>Transfers to:</u>	<u>Amount</u>
General fund	Nonmajor governmental funds:	
	Adult education special revenue fund	\$ 84,550
	Debt service fund	959,581
	Special building capital projects fund	150,000
	Total transfers	<u>\$ 1,194,131</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 19 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund balances at June 30, 2017, as reported on the fund financial statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable funds	Amount
General fund	Nonmajor special revenue funds:	
	Adult basic education	\$ 36,486
	Vocational education	<u>19,714</u>
Total due to/due from other funds		<u>\$ 56,200</u>

The primary purpose of the due to/from other funds is to cover the negative cash balances at fiscal year-end in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

NOTE 20 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Center 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 a result of the fiscal year 2017 reviews, the Center owes \$6,722 to ODE. This amount has not been included in the financial statements.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Center's proportion of the net pension liability	0.04836520%	0.04728010%	0.04867200%	0.04867200%
Center's proportionate share of the net pension liability	\$ 3,539,886	\$ 2,697,848	\$ 2,463,262	\$ 2,894,268
Center's covered-employee payroll	\$ 1,500,364	\$ 1,423,376	\$ 1,414,300	\$ 1,516,900
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.94%	189.54%	174.17%	190.80%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Center's proportion of the net pension liability	0.05554080%	0.05231056%	0.52677540%	0.05267754%
Center's proportionate share of the net pension liability	\$ 18,591,180	\$ 14,457,109	\$ 12,813,001	\$ 15,262,763
Center's covered-employee payroll	\$ 5,920,707	\$ 5,457,729	\$ 5,382,192	\$ 5,485,200
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	314.00%	264.89%	238.06%	278.25%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 191,870	\$ 210,051	\$ 187,601	\$ 196,022
Contributions in relation to the contractually required contribution	<u>(191,870)</u>	<u>(210,051)</u>	<u>(187,601)</u>	<u>(196,022)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered-employee payroll	\$ 1,370,500	\$ 1,500,364	\$ 1,423,376	\$ 1,414,300
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 209,939	\$ 196,818	\$ 181,232	\$ 188,275	\$ 127,781	\$ 115,080
<u>(209,939)</u>	<u>(196,818)</u>	<u>(181,232)</u>	<u>(188,275)</u>	<u>(127,781)</u>	<u>(115,080)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,516,900	\$ 1,463,331	\$ 1,441,782	\$ 1,390,510	\$ 1,298,587	\$ 1,171,894
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 842,315	\$ 828,899	\$ 764,082	\$ 699,685
Contributions in relation to the contractually required contribution	<u>(842,315)</u>	<u>(828,899)</u>	<u>(764,082)</u>	<u>(699,685)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered-employee payroll	\$ 6,016,536	\$ 5,920,707	\$ 5,457,729	\$ 5,382,192
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 713,076	\$ 717,572	\$ 726,018	\$ 745,911	\$ 695,650	\$ 702,736
<u>(713,076)</u>	<u>(717,572)</u>	<u>(726,018)</u>	<u>(745,911)</u>	<u>(695,650)</u>	<u>(702,736)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,485,200	\$ 5,519,785	\$ 5,584,754	\$ 5,737,777	\$ 5,351,154	\$ 5,405,662
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO**

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

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

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through the Ohio Department of Education:</i>		
<i>Child Nutrition Cluster:</i>		
<i>Non-Cash Assistance (Food Distribution):</i>		
National School Lunch Program	10.555	\$ 20,885
<i>Cash Assistance:</i>		
School Breakfast Program	10.553	16,042
National School Lunch Program	10.555	77,206
Total Child Nutrition Cluster		<u>114,133</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>114,133</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Rural Education (Direct)	84.358A	80,360
<i>Passed Through the Ohio Department of Education:</i>		
Adult Education - Basic Grants to States	84.002	231,031
Career and Technical Education - Basic Grants to States	84.048	424,898
Improving Teacher Quality State Grants	84.367	<u>2,489</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>738,778</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 852,911</u>

The accompanying notes are an integral part of this schedule.

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**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 Tolles Career and Technical Center (the Center's) 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 Center, it is not intended to and does not present the financial position and changes in net position of the 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 Center has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The Center transferred the following amounts from 2017 to 2018 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
ABLE Instructional Grant	84.002	\$33,023

The Center transferred the following amounts from 2016 to 2017 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
ABLE Instructional Grant	84.002	\$39,615



Dave Yost • Auditor of State

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

Tolles Career and Technical Center
Madison County
7877 US Highway 42 South
Plain City, OH 43064

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Tolles Career and Technical Center, Madison County, Ohio, (the Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 27, 2018, wherein we noted the Center restated beginning net position of Governmental Activities at July 1, 2016.

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 opinions 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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*.

Center's Response to Finding

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Center's response and, accordingly, we express no opinion on it.

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

March 27, 2018



Dave Yost • Auditor of State

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

Tolles Career and Technical Center
Madison County
7877 US Highway 42 South
Plain City, OH 43064

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Tolles Career and Technical 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 Tolles Career and Technical 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 programs.

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, Tolles Career and Technical 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.

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 the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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
Auditor of State
Columbus, Ohio

March 27, 2018

**TOLLES CAREER AND TECHNICAL CENTER
MADISON 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)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.048 - Career and Technical Education – Basic Grants to States
(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

**TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017
(Continued)**

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

FINDING NUMBER 2017-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

For fiscal year 2017, the Center restated beginning net position of Governmental Activities by \$1,231,987 to correct prior years' misstatement of capital assets. During 2017, it was determined that certain costs related to the energy conservation project included in construction in progress during fiscal year 2016 (\$1,216,893) should not be capitalized. In addition capital asset balances for buildings and improvements, furniture and equipment and vehicles (\$15,094) were restated for errors.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors or irregularities that may go undetected and decreases the reliability of the financial data throughout the year.

We recommend the Center develop policies and procedures to enhance its controls over recording of financial reporting to help ensure the information accurately reflects the activity of the Center thereby increasing the reliability of the financial data throughout the year.

Officials' Response:

Refer to Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.



**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2017**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	<p>In January 2016, Tolles Career & Technical Center began a \$2,254,610 Energy Conservation Project. Tolles entered into an agreement with Dynamix Energy Service to install pipeline and run new gas lines from Interstate 70 up to the Tolles property, install 3 natural gas condensing boilers, primary pumps and remove electric boilers. In addition, Dynamix replaced existing chiller, installed 2 new electric meters, building automation router, supervisor work station and new dhLux to increase energy savings. Niagara Supervisor software and program controllers for boiler and chiller plant were also installed. Dynamix created an Energy Dashboard to monitor electrical consumption and electrical demand and provided VMX software for one year. Retrofit LED lighting was also installed in hallways and common areas.</p> <p>On June 30, 2016, the project was incomplete and the entire project was listed as Construction in Process on the Financial Statement.</p> <p>At the completion of the project in August of 2016, costs were able to be analyzed and attributable to capitalized assets of Tolles and costs which could not be capitalized by Tolles. Mainly the \$1,216,893 cost to install the gas line from Interstate 70 up to Tolles property.</p> <p>In the future Construction in Process at fiscal year-end will be analyzed and those costs which may not be attributable to capitalized costs to Tolles Career & Technical Center will be noted.</p>	06/30/2017	Tamara Woods, Treasurer/CFO



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TOLLES CAREER AND TECHNICAL CENTER

MADISON 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
MAY 10, 2018**