WARREN COUNTY CAREER CENTER
WARREN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Warren County Career Center
Warren County
3529 N. State Route 48
Lebanon, Ohio 45036

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this 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 December 20, 2017, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities increased $17,089 which represents a 0.4% increase from 2016.

- General revenues accounted for $16,129,126 in revenue or 78% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $4,518,107 or 22% of total revenues of $20,647,233.

- The Center had $20,630,144 in expenses related to governmental activities; $4,518,107 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $16,129,126 were also used to provide for these programs.

Overview of the 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 as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, Adult Education Fund, and Permanent Improvement Fund are the major funds of the Center.

Government-wide Financial Statements

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

These two statements report the Center's net position and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the Center is presented in the following manner:

- Governmental Activities – Most of the Center's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the Center's major fund begins on the balance sheet. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

The Center as a Whole

As stated previously, the Statement of Net Position looks at the Center as a whole. Table 1 provides a summary of the Center's net position for fiscal year 2017 compared to fiscal year 2016:

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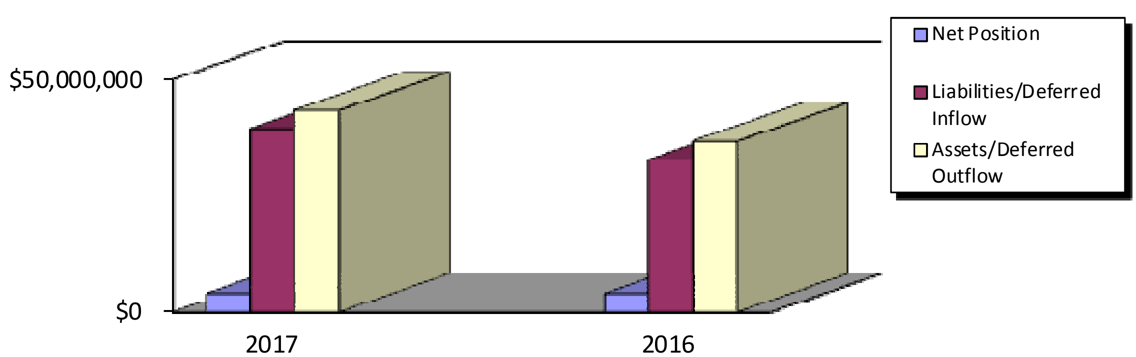
Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	$26,094,040	$26,278,818
Capital Assets	11,766,687	8,129,272
Total Assets	37,860,727	34,408,090
Deferred Outflows of Resources:		
Pension	5,514,983	2,296,800
Total Deferred Outflows of Resources	5,514,983	2,296,800
Liabilities:		
Other Liabilities	2,336,533	1,041,537
Long-Term Liabilities	29,562,126	23,764,739
Total Liabilities	31,898,659	24,806,276
Deferred Inflows of Resources:		
Property Taxes	7,222,770	6,281,026
Grants and Other Taxes	71,956	137,023
Pension	215,533	1,530,862
Total Deferred Inflows of Resources	7,510,259	7,948,911
Net Position:		
Net Investment in Capital Assets	11,277,114	7,547,810
Restricted	746,842	671,584
Unrestricted	(8,057,164)	(4,269,691)
Total Net Position	$3,966,792	$3,949,703



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the Center's assets and deferred outflows exceeded liabilities and deferred inflows of resources by $3,966,792.

At year-end, capital assets represented 31% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, vehicles and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2017, were $11,277,114. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, $746,842 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current Assets decreased from fiscal year 2016 mainly due to a decrease in cash and investments during fiscal year 2017 compared to fiscal year 2016. Capital Assets increased from fiscal year 2016 mainly due to depreciation expense being less than current year additions. Total Liabilities increased mainly due to an increase in Net Pension Liabilities.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues		
Charges for Services	$2,755,637	$3,209,605
Operating Grants, Contributions	1,762,470	1,295,110
General Revenues:		
Property Taxes	8,018,704	8,488,926
Grants and Entitlements	7,427,069	6,955,396
Other	683,353	496,604
Total Revenues	20,647,233	20,445,641
Program Expenses:		
Instruction	11,925,982	10,062,413
Support Services:		
Pupil and Instructional Staff	2,623,609	2,106,872
School Administrative, General Administration, Fiscal and Business	2,734,781	2,395,515
Operations and Maintenance	1,500,444	1,369,363
Pupil Transportation	254,403	218,664
Central	1,167,738	1,130,600
Operation of Non-Instructional Services	343,273	469,625
Extracurricular Activities	55,450	99,309
Interest and Fiscal Charges	24,464	28,345
Total Program Expenses	20,630,144	17,880,706
Change in Net Position	17,089	2,564,935
Net Position - Beginning of Year	3,949,703	1,384,768
Net Position - End of Year	$3,966,792	$3,949,703

The Center's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 75% of the Center's revenues for governmental activities.

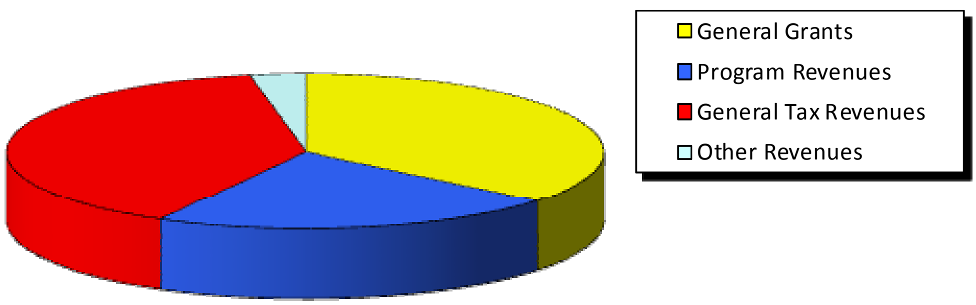
The Center depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus Ohio Schools do not receive additional property tax revenue from an increase in appraisal values and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 39% of revenues for governmental activities for the Center in fiscal year 2017. The Center's reliance upon tax revenues is demonstrated by the following graph:

Governmental Activities
Revenue Sources

	2017	Percentage
General Grants	$7,427,069	36.00%
Program Revenues	4,518,107	22.00%
General Tax Revenues	8,018,704	39.00%
Other Revenues	683,353	3.00%
Total Revenue Sources	$20,647,233	100.00%



Instruction comprises 58% of governmental program expenses. Support services expenses were 40% of governmental program expenses. All other expenses were 2%.

Grants and Entitlements increased in fiscal year 2017 as compared to fiscal year 2016 because the Center received more grant monies in 2017 compared to 2016.

Governmental Activities

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

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Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	$11,925,982	$10,062,413	($9,063,519)	($7,293,096)
Support Services:				
Pupil and Instructional Staff	2,623,609	2,106,872	(2,126,046)	(1,715,440)
School Administrative, General Administration, Fiscal and Business	2,734,781	2,395,515	(2,292,294)	(1,989,365)
Operations and Maintenance	1,500,444	1,369,363	(1,479,087)	(1,338,962)
Pupil Transportation	254,403	218,664	(254,403)	(218,664)
Central	1,167,738	1,130,600	(746,600)	(536,778)
Operation of Non-Instructional Services	343,273	469,625	(87,046)	(186,628)
Extracurricular Activities	55,450	99,309	(38,578)	(68,713)
Interest and Fiscal Charges	24,464	28,345	(24,464)	(28,345)
Total Expenses	$20,630,144	$17,880,706	($16,112,037)	($13,375,991)

The Center's Funds

The Center has three major governmental funds: the General Fund, Adult Education Fund and the Permanent Improvement Fund. Assets of the major funds comprised $25,526,104 (97%) of the total $26,340,989 governmental funds assets.

General Fund: Fund balance at June 30, 2017 was $12,517,979, a decrease in fund balance of $2,482,512 from 2016. The fund balance decreased mostly due to a decrease in cash and investments from 2017 to 2016.

Adult Education Fund: Fund balance at June 30, 2017 was $4,421 a decrease in fund balance of $153,519 from 2016. The fund balance decreased due to a decrease in cash and investments.

Permanent Improvement Fund: Fund balance at June 30, 2017 was $2,932,216, an increase in fund balance of $96,408 from 2016. The fund balance increased mostly due to an increase in overall revenues from 2017 to 2016.

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 year 2017, the Center amended its General fund budgets; however none were significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the Center revised the Budgets in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was $17,570,876 compared to original budget estimates of $16,046,913.

The Center's ending unobligated cash balance for the General Fund was $11,607,617.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Center had $11,766,687 invested in land, construction in progress, land improvements, vehicles, buildings and improvements and equipment. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$456,000	$456,000
Land Improvements	254,654	181,899
Buildings and Improvements	6,027,401	6,432,697
Equipment	1,308,156	988,998
Construction in Progress	3,679,652	0
Vehicles	40,824	69,678
Total Net Capital Assets	$11,766,687	$8,129,272

The increase in capital assets is due to current year additions exceeding depreciation expense.

See Note 8 to the basic financial statements for further details on the Center's capital assets.

Debt

At June 30, 2017, the Center had $489,573 in general obligation bonds outstanding and capital leases outstanding, $92,314 due within one year. Table 5 summarizes debt outstanding:

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Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2017	2016
General Obligation Bonds:		
2011 Energy Conservation Notes	$450,000	$525,000
Subtotal Bonds	450,000	525,000
Captial Leases	39,573	56,462
Total Long-Term Obligations	$489,573	$581,462

See Note 14 in the notes to the basic financial statements for further details on the Center's outstanding debt.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Treasurer, Warren County Career Center, 3529 N. SR 48, Lebanon, Ohio 45036.

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Warren County Career Center, Warren County, Ohio
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	$17,352,034
Restricted Cash and Investments	41,807
Receivables (Net):	
Taxes	8,528,276
Accounts	38,939
Intergovernmental	111,168
Prepaids	18,861
Inventory	2,955
Nondepreciable Capital Assets	4,135,652
Depreciable Capital Assets, Net	7,631,035
Total Assets	37,860,727
Deferred Outflows of Resources:	
Pension	5,514,983
Total Deferred Outflows of Resources	5,514,983
Liabilities:	
Accounts Payable	1,329,239
Accrued Wages and Benefits	963,687
Retainage Payable	41,807
Accrued Interest Payable	1,800
Long-Term Liabilities:	
Due Within One Year	358,164
Due In More Than One Year	
Net Pension Liability	28,344,910
Other Amounts	859,052
Total Liabilities	31,898,659
Deferred Inflows of Resources:	
Property Taxes	7,222,770
Grants and Other Taxes	71,956
Pension	215,533
Total Deferred Inflows of Resources	7,510,259
Net Position:	
Net Investment in Capital Assets	11,277,114
Restricted for:	
Local / State Grants	1,395
Federal Grants	7,333
Capital Improvements	719,662
Food Service	13,911
Other Purposes	4,541
Unrestricted	(8,057,164)
Total Net Position	$3,966,792

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren 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:				
Special	$247,676	$0	$0	($247,676)
Vocational	9,972,454	1,037,766	599,880	(8,334,808)
Adult/Continuing	1,472,974	808,097	416,720	(248,157)
Other	232,878	0	0	(232,878)
Support Services:				
Pupil	1,374,668	42,512	178,374	(1,153,782)
Instructional Staff	1,248,941	72,028	204,649	(972,264)
General Administration	44,288	0	0	(44,288)
School Administration	2,065,287	315,413	107,508	(1,642,366)
Fiscal	595,237	0	3,038	(592,199)
Business	29,969	12,530	3,998	(13,441)
Operations and Maintenance	1,500,444	16,191	5,166	(1,479,087)
Pupil Transportation	254,403	0	0	(254,403)
Central	1,167,738	277,383	143,755	(746,600)
Operation of Non-Instructional Services	343,273	156,845	99,382	(87,046)
Extracurricular Activities	55,450	16,872	0	(38,578)
Interest and Fiscal Charges	24,464	0	0	(24,464)
Total Governmental Activities	$20,630,144	$2,755,637	$1,762,470	(16,112,037)

General Revenues:	
Property Taxes Levied for:	
General Purposes	8,018,704
Grants and Entitlements, Not Restricted	7,427,069
Revenue in Lieu of Taxes	80,346
Investment Earnings	88,456
Other Revenues	514,551
Total General Revenues	16,129,126
Change in Net Position	17,089
Net Position - Beginning of Year	3,949,703
Net Position - End of Year	$3,966,792

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Balance Sheet
Governmental Funds
June 30, 2017

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	$12,237,934	$248,003	$4,082,384	$783,713	$17,352,034
Restricted Cash and Investments	0	0	41,807	0	41,807
Receivables (Net):					
Taxes	8,528,276	0	0	0	8,528,276
Accounts	38,932	7	0	0	38,939
Intergovernmental	82,951	0	0	28,217	111,168
Interfund	233,791	0	13,158	0	246,949
Prepaids	18,857	4	0	0	18,861
Inventory	0	0	0	2,955	2,955
Total Assets	21,140,741	248,014	4,137,349	814,885	26,340,989
Liabilities:					
Accounts Payable	122,549	43,016	1,163,326	348	1,329,239
Accrued Wages and Benefits	963,470	217	0	0	963,687
Compensated Absences	113,741	19,274	0	0	133,015
Retainage Payable	0	0	41,807	0	41,807
Interfund Payable	0	181,086	0	65,863	246,949
Total Liabilities	1,199,760	243,593	1,205,133	66,211	2,714,697
Deferred Inflows of Resources:					
Property Taxes	7,351,046	0	0	0	7,351,046
Grants and Other Taxes	71,956	0	0	28,217	100,173
Total Deferred Inflows of Resources	7,423,002	0	0	28,217	7,451,219
Fund Balances:					
Nonspendable	18,857	4	0	0	18,861
Restricted	0	0	0	745,610	745,610
Assigned	2,025,669	4,417	2,932,216	0	4,962,302
Unassigned	10,473,453	0	0	(25,153)	10,448,300
Total Fund Balances	12,517,979	4,421	2,932,216	720,457	16,175,073
Total Liabilities, Deferred Inflows and Fund Balances	$21,140,741	$248,014	$4,137,349	$814,885	$26,340,989

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2017

Total Governmental Fund Balance		$16,175,073
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		11,766,687
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	$128,276	
Intergovernmental	28,217	
		156,493
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(1,800)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(594,628)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	$5,514,983	
Deferred inflows of resources related to pensions	(215,533)	
		5,299,450
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	($28,344,910)	
Other Amounts	(489,573)	
		(28,834,483)
Net Position of Governmental Activities		$3,966,792

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	$8,018,797	$0	$0	$0	$8,018,797
Tuition and Fees	917,783	1,542,735	0	0	2,460,518
Investment Earnings	51,568	0	36,888	0	88,456
Intergovernmental	7,427,069	492,256	0	1,265,558	9,184,883
Charges for Services	121,115	0	0	156,314	277,429
Revenue in Lieu of Taxes	80,346	0	0	0	80,346
Other Revenues	482,582	19,542	0	30,091	532,215
Total Revenues	17,099,260	2,054,533	36,888	1,451,963	20,642,644
Expenditures:					
Current:					
Instruction:					
Special	208,095	0	0	0	208,095
Vocational	8,495,831	0	0	596,321	9,092,152
Adult/Continuing	17,967	1,198,382	0	162,594	1,378,943
Other	179,850	41,452	0	0	221,302
Support Services:					
Pupil	1,041,468	68,470	0	170,846	1,280,784
Instructional Staff	845,528	108,346	97,576	185,780	1,237,230
General Administration	42,263	0	0	0	42,263
School Administration	1,407,375	489,872	0	7,256	1,904,503
Fiscal	565,895	0	0	3,211	569,106
Business	0	18,860	0	0	18,860
Operations and Maintenance	1,331,540	24,370	61,725	0	1,417,635
Pupil Transportation	241,186	0	0	0	241,186
Central	400,495	415,632	0	55,986	872,113
Operation of Non-Instructional Services	5,281	815	0	331,248	337,344
Extracurricular Activities	55,060	0	0	0	55,060
Capital Outlay	141,164	0	3,981,179	0	4,122,343
Debt Service:					
Principal Retirement	75,000	16,889	0	0	91,889
Interest and Fiscal Charges	23,550	1,214	0	0	24,764
Total Expenditures	15,077,548	2,384,302	4,140,480	1,513,242	23,115,572
Excess of Revenues Over (Under) Expenditures	2,021,712	(329,769)	(4,103,592)	(61,279)	(2,472,928)
Other Financing Sources (Uses):					
Proceeds from Sale of Assets	26	0	0	0	26
Transfers In	0	176,250	4,200,000	128,000	4,504,250
Transfers (Out)	(4,504,250)	0	0	0	(4,504,250)
Total Other Financing Sources (Uses)	(4,504,224)	176,250	4,200,000	128,000	26
Net Change in Fund Balance	(2,482,512)	(153,519)	96,408	66,721	(2,472,902)
Fund Balance - Beginning of Year	15,000,491	157,940	2,835,808	653,736	18,647,975
Fund Balance - End of Year	$12,517,979	$4,421	$2,932,216	$720,457	$16,175,073

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds		($2,472,902)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	$4,583,381	
Depreciation Expense	(945,966)	
		3,637,415
Governmental funds report pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contributions	$1,367,796	
Cost of benefits earned net of employee contrbutions	(2,306,640)	
		(938,844)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	($93)	
Intergovernmental	4,656	
Intergovernmental		4,563
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		91,889
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		300
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		(305,332)
Change in Net Position of Governmental Activities		$17,089

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Agency
Assets:	
Equity in Pooled Cash and Investments	$53,135
Receivables (Net):	
Accounts	460
Total Assets	53,595
Liabilities:	
Other Liabilities	53,595
Total Liabilities	$53,595

See accompanying notes to the basic financial statements.

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Note 1 - Description Of The District And Reporting Entity

Warren County Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a seven member Board of Education. The Board of Education is not directly elected. The Board of Education is comprised of members of other elected boards who, by charter, also serve as board members of the Warren County Career Center. None of the School Districts that appoint Board members are financially accountable for the Career Center nor do any appoint a voting majority of the Board.

The Career Center employs 87 certified, 39 classified, 12 administrative, 13 full time Adult Education along with 89 Adjunct Adult Education instructors who serve approximately 47 preschool students, 4,398 secondary students and 6,266 adult students. A vocational school exposes high school and adult students to academic preparation and job training which leads to employment and/or further education upon graduation from high school.

Reporting Entity

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

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

The Career Center is associated with three organizations, two jointly governed organizations and one insurance purchasing pool. These organizations are:

Jointly Governed Organizations:
- Southwest Ohio Computer Association
- Jewell Education Foundation

Insurance Purchasing Pool:
- Ohio School Boards Association Workers' Compensation Group Rating Plan

These organizations are discussed in Notes 16 and 17.

Note 2 - Summary Of Significant Accounting Policies

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Career Center. The effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements; although the fiduciary fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Career Center considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Property taxes, grants and entitlements, revenue in lieu of taxes, tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Career Center.

Fund Accounting

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

Governmental Funds

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

The Career Center reports the following major governmental funds:

General Fund – The *general fund* is the Career Center's primary operating fund. It accounts for all financial resources of the Career Center, except those required to be accounted for in another fund.

Adult Education Fund – The *adult education fund* accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from residents and students and reimbursements from the State Department of Education.

Permanent Improvement Fund – The *permanent improvement fund* is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code. This fund was a major fund in prior years and is still considered a significant fund to be reported separately by the Career Center.

Additionally, the Career Center reports the following fund types:

Fiduciary Agency Funds – *Fiduciary Agency Fund*s reporting focuses on net position and changes in net position. The Career Center maintains two fiduciary funds, agency funds known as the Pell Grant and Student Activities Funds. The Pell Grant fund accounts for grant proceeds and disbursement to various students within the Career Center. The Student Activities fund was established to account for revenues generated by student managed activities. The Career Center's agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (although no such grants or contributions were received for the year ending June 30, 2017). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Career Center's policy to use the restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center's records. Each fund's interest in the pool is presented as equity in pooled cash and investments on the statement of net position and fund balance sheets.

During the current fiscal year and at year-end, investments were limited to governmental sponsored agency securities, treasury notes and money market mutual funds.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the current fiscal year amounted to $51,568. The permanent improvement capital projects fund also received interest of $36,888.

For purpose of the statement of cash flows and for the presentation on the statement of net position and fund balance sheets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents.

Inventory (Materials and Supplies)

Inventories are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories consist of donated food and purchased food and are expensed when used. The balance is reported as a nonspendable fund balance on the governmental balance sheet.

Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and vehicles, are reported on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at estimated fair market value at the date of donation. The Career Center reviewed possible infrastructure assets (roads, bridges, culverts, etc.) which could be required to be capitalized. The Career Center has no infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, equipment, and vehicles of the Career Center are depreciated using the straight line method over the following estimated useful lives:

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Description	Governmental Activities Estimated Lives
Building and Building Improvements	50 years
Vehicles and Equipment	5 - 15 years

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from transaction-like activities between the Career Center’s various funds are classified as interfund receivables/payables. These transactions are consolidated in the statement of net position.

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 Career Center will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payment 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 Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after twenty years of current service with the Career Center.

Expenditures or liabilities related to compensated absences are reported in governmental funds only if they are due for payment as matured leave payable. The entire liability is reported on the government-wide statement of net position.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Capital leases, net pension liability and long term notes payable are reported as a liability on the statement of net position.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchase funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance

The Career Center reports the following fund balance categories:

Nonspendable – Nonspendable fund balance relates to the value of consumable inventories.

Restricted – Restricted fund balances relate to money received from local, state or federal grants.

Assigned – Assigned fund balances are balances the Career Center administration have specified the future use.

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

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

Net Position

Net position represents the difference between assets and deferred outflows against liabilities and deferred inflows in the statement of net position. Net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances 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 Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows/Deferred Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include pension, grants and other taxes, and property taxes. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (see Note 10). Delinquent property taxes and 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. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, have been recorded as a deferred inflow. Grants and other taxes have been recorded as deferred inflows on the governmental fund financial statements.

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.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

Exchange/Non-Exchange Transactions

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

Non-Exchange Transactions

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

Estimates

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

Note 3 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units – An Amendment of GASB No. 14.*

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Career Center.

Note 4 – Accountability

At June 30, 2017 the following fund had deficit fund balances:

Fund	Deficit
Other Governmental Funds:	
Perkins Grant	$14,887
Preschool	745
ABLE	9521

The deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit by providing operating transfers when cash is required, not when accruals occur.

Note 5 - Equity in Pooled Cash And Investments

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

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

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

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

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

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

(2) Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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;

(4) Bonds and other obligations of the State of Ohio or Ohio local governments;

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

(6) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;

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

(8) Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $8,715,259 of the Career Center's bank balance of $9,215,259 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Career Center's name.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Career Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

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

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal Farm Credit Bank	$108,978	Level 2	1.78
Federal Home Loan Mortgage Corporation	184,169	Level 2	2.79
Federal National Mortgage Association	787,654	Level 2	3.40
Federal Home Loan Bank	209,927	Level 2	4.96
Commercial Paper	1,225,997	Level 2	1.52
Negotiable CDs	5,796,949	Level 2	0.47
Money Market Mutual Funds	69,030	N/A	0.00
Total Fair Value	$8,382,704		
Portfolio Weighted Average Maturity			2.12

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

The Career Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Career Center's policy to limit its investments that are not obligations of the U.S. Government to investments which have the highest credit quality rating issues by nationally recognized statistical rating organizations. The Career Center's investments in Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank were rated AAA by Standard & Poor's and Fitch ratings and Aaa by Moody's Investment Service. The Career Center's investments in Commercial Paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service. Negotiable CDs and Money Market Funds are not rated.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The governmental agency notes 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 Career Center's name. The Career 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 Career Center places no limit on the amount it may invest in any one issuer. The Career Center's investment in Federal Farm Credit Bank – Discount Note represents 1.3% of the total investments, Federal Home Loan Mortgage Corporation Notes represents 2.2% of the total investments, the Certificate of Deposit represents 69.2% of the total investments, Money Market Mutual Funds represents 0.1% of the total investments, the Federal National Mortgage Association represents 9.4% of total investments, Federal Home Loan Bank represents 2.5% of total investments, and Commercial Paper represents 14.6% of total investments.

Note 6 - Property Taxes

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2016 were based, is as follows:

	2017 First Half Collections		2016 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$4,012,442,996	94.12%	$3,929,949,410	94.70%
Public Utility	250,494,280	5.88%	219,904,870	5.30%
Total Assessed Value	$4,262,937,276	100.00%	$4,149,854,280	100.00%

Property taxes are levied and assessed on a calendar year basis. First half tax collections are received by the Career Center in the second half of the fiscal year. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. All property is required to be revalued every six years.

2017 tangible personal property taxes are levied after April 1, 2016, on the value as of December 31, 2016. Collections are made in 2017. Tangible personal property assessments are six and one quarter

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by February 27. If paid semi-annually, the first payment (at least one-half of amount billed) was due February 27, with the remainder due on July 24.

The county auditor remits portions of the taxes collected with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October to all taxing districts.

The Career Center received property taxes from the Warren County auditor. The county auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2017 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Note 7 – Receivables

Receivables at June 30, 2017, consisted of property taxes, accounts, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. A summary of intergovernmental receivables follows:

Fund	Amount
General Fund:	$82,951
Nonmajor Governmental Funds:	
Able Grant Fund	17,692
Perkins Grant	10,525
Total	$111,168

Note 8 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$456,000	$0	$0	$456,000
Construction in Progress	0	3,679,652	0	3,679,652
Capital Assets, being depreciated:				
Land Improvements	371,861	97,079	0	468,940
Buildings and Improvements	16,097,588	82,639	0	16,180,227
Furniture, Fixtures and Equipment	4,544,482	724,011	27,365	5,241,128
Vehicles	622,900	0	0	622,900
Totals at Historical Cost	22,092,831	4,583,381	27,365	26,648,847
Less Accumulated Depreciation:				
Land Improvements	189,962	24,324	0	214,286
Building Improvements	9,664,891	487,935	0	10,152,826
Furniture, Fixtures and Equipment	3,555,484	404,853	27,365	3,932,972
Vehicles	553,222	28,854	0	582,076
Total Accumulated Depreciation	13,963,559	945,966	27,365	14,882,160
Governmental Activities Capital Assets, Net	$8,129,272	$3,637,415	$0	$11,766,687

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$573,576
Adult Education	25,978
Support Services:	
Instructional Staff	2,825
School Administration	24,772
Business	9,528
Operations and Maintenance	53,257
Pupil Transportation	13,217
Central	240,482
Operation of Non-Instructional Services	2,331
Total Depreciation Expense	$945,966

Note 9 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2017, the Career Center contracted with Utica Insurance Company for general liability insurance with a $1,000,000 single occurrence limit and a $3,000,000 aggregate and property and building replacement of $44,160,841 (which includes the Greentree Health Science Academy) carrying a $5,000 deductible and 90% coinsurance. Vehicles are also covered under a business policy with Argonaut Insurance Company which carries a $500 deductible for buses and $500/$1,000 comprehensive/collision on other vehicles and a $1,000,000 limit on liability with $5,000 deductible for medical and $1,000,000 for uninsured motorists.

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

For fiscal year 2017, the Career Center participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Career Centers is calculated as one experience and a common premium rate is applied to all Career Centers in the GRP. Each participant pays it 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." The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Career Centers that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

The Career Center provided an option for medical/surgical benefits (PPO administered by Anthem for health care coverage) and prescription coverage through CVS Caremark. The Career Center paid the following amounts:

The Career Center paid for Secondary Instruction staff $1,199.49 per month for a family plan, $863.18 for an employee and kids plan, or $466.62 for single coverage and all other staff the Career Center paid $1,204.08 per month for a family plan, $866.48 for an employee and kids plan, or $468.41 for single coverage for medical and prescription insurance through Anthem – Blue Access which represents 85% of the total premium.

The Career Center paid $14.36 for family coverage and $6.16 for single coverage per month to EPC Vision Benefit Plan, which represents eighty-five percent of the premium required.

Dental insurance was provided by Dental Care Plus and the Career Center paid $90.31 for family coverage and $31.13 for single coverage for the in-network (HMO), which represents 85% of the total premium. For the Indemnity Coverage (out of network), the Career Center paid $101.16 for a family plan and $34.88 for a single plan. The Career Center paid $3.38 to EPC for Sun Life Insurance Company.

Note 10 - Defined Benefit Pension Plans

Net Pension Liability

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

The net pension liability represents the employer'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.

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – 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 on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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 or $86.00 multiplied by the years of service credit. 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 employer is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The contractually required contribution to SERS was $276,260 for fiscal year 2017. Of this amount $41,464 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – 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 increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The employer 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 contractually required contribution to STRS was $1,091,536 for fiscal year 2017. Of this amount $46,824 is reported as accrued wages and benefits.

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 proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$4,402,828	$23,942,082	$28,344,910
Proportion of the Net Pension Liability	0.06015550%	0.07152652%	
Pension Expense	456,947	1,849,693	2,306,640

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$59,384	$967,375	$1,026,759
Changes of assumptions	293,913	0	293,913
Net difference between projected and actual earnings on pension plan investments	363,169	1,987,836	2,351,005
Changes in employer proportionate share of net pension liability	67,772	407,738	475,510
Contributions subsequent to the measurement date	276,260	1,091,536	1,367,796
Total Deferred Outflows of Resources	$1,060,498	$4,454,485	$5,514,983
Deferred Inflows of Resources			
Changes in employer proportionate share of net pension liability	$125,511	$90,022	$215,533
Total Deferred Inflows of Resources	$125,511	$90,022	$215,533

$1,367,796 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	$164,960	$539,826	$704,786
2019	164,698	539,826	704,524
2020	224,672	1,302,616	1,527,288
2021	104,396	890,660	995,056
Total	$658,726	$3,272,928	$3,931,654

Actuarial Assumptions - SERS

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

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

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

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

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

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement. The most recent experience study was completed June 30, 2010.

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

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

Discount Rate

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	$5,829,069	$4,402,828	$3,209,004

Actuarial Assumptions - STRS

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

Inflation	2.75 percent
Projected salary 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, including inflation
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

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

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the 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%)
Proportionate share of the net pension liability	$31,817,082	$23,942,082	$17,299,056

Changes Between Measurement Date and Report Date

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

Note 11 – Post Employment Benefits

School Employee Retirement System

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

The Ohio Revised Code provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at $23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were $0, $0, and $24,196, respectively.

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

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

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The Career Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $0, $0, and $0, respectively.

Note 12 - Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees may earn up to ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment shall be made for accrued but unused sick days on the basis of 25 percent of member's actual accumulated sick leave days to a maximum of 60 days.

Note 13 - Capitalized Leases - Lessee Disclosure

In prior years, the Career Center entered into a capital lease for copiers and apple computers totaling $75,240 and entered into capitalized leases for the acquisition of copiers for $86,486. The terms of the one agreement provides an option to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis. In 2016, the Career Center entered into a capitalized lease for the acquisition of CAT equipment in the amount of $68,856.

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

Fiscal Year Ending June 30	Governmental Activities
2018	$18,103
2019	18,103
2020	4,526
Less: Amount Representing Interest	(1,159)
Present Value of Minimum Lease Payments	$39,573

Note 14 - Long-Term Liabilities

The changes in the Career Center's long-term obligations (non-current liabilities) during the year consist of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:					
2011 Energy Conservation Notes	$525,000	$0	$75,000	$450,000	$75,000
Subtotal Notes	525,000	0	75,000	450,000	75,000
Capital Lease	56,462	0	16,889	39,573	17,314
Compensated Absences	310,723	586,034	169,114	727,643	265,850
Subtotal Notes and Other Amounts	892,185	586,034	261,003	1,217,216	358,164
Net Pension Liability:					
STRS	19,271,242	4,670,840	0	23,942,082	0
SERS	3,601,312	801,516	0	4,402,828	0
Subtotal Net Pension Liability	22,872,554	5,472,356	0	28,344,910	0
Total Long-Term Obligations	$23,764,739	$6,058,390	$261,003	$29,562,126	$358,164

Certificates of Participation Notes - On February 3, 2009, the Career Center issued $7,000,000 in certificates of participation notes for the purpose of renovating the current building and related increased capacity. The notes were called on the first call date. As a result, the in-substance defeasance is considered to be defeased and the liability has been removed from the statement of net position.

Energy Conservation Notes – On September 8, 2010, the Career Center issued $881,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate one hundred percent of the interest costs from the Federal government. The notes were issue for a twelve year period with a final maturity of December 1, 2022. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school.

The Career Center's overall legal debt margin was $383,214,355 with an energy conservation debt margin of $34,489,292 and an unvoted debt margin of $3,832,144 at June 30, 2017.

Compensated absences will be paid from the fund from which the person is paid which is typically the General Fund. Capital leases will be paid from the General fund.

Fiscal Year	General Obligation Bonds		
Ending June 30	Principal	Interest	Total
2018	$75,000	$19,800	$94,800
2019	75,000	16,200	91,200
2020	75,000	12,600	87,600
2021	75,000	9,000	84,000
2022	75,000	5,400	80,400
2023	75,000	1,800	76,800
Total	$450,000	$64,800	$514,800

Note 15 - Interfund Transactions

Interfund balances at June 30, 2017, consist of the following individual receivables and payables and transfers in the governmental balance sheet (such amounts are removed from consolidated columns in the statement of net position):

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	$233,791	$0	$0	$4,504,250
Adult Education	0	181,086	176,250	0
Permanent Improvement	13,158	0	4,200,000	0
Other Governmental	0	65,863	128,000	0
Total All Funds	$246,949	$246,949	$4,504,250	$4,504,250

The interfund payables are expected to be repaid within one year**.** The Career Center is continuing to evaluate the user charges in adult education major fund to bring revenue generation in line with expenditures. The transfers are routine in nature with the majority of the money being transferred to the permanent improvement capital projects fund for the Career Center's share of the roof replacement cost.

Note 16 - Jointly Governed Organization

The Career Center is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Career Centers. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The Career Center paid $62,690 for services provided during the fiscal year. Financial information can be obtained from the fiscal agent, Butler Tech, 3603 Hamilton- Middletown Road, Hamilton, Ohio 45011.

The Career Center is a participant in the Jewell Education Foundation, which is a jointly governed educational foundation established to benefit the Career Centers in Warren County. The Foundation was created to promote and assist in funding through soliciting grants and charitable contributions for distributions to member educational institutions of participating Career Centers. The governing board is made up of the Warren County Career Center superintendent, one member of the Warren County Career Center Board of Education, not on the current board, and one member submitted by each participating Career Center. The Career Center made no financial contribution to the Foundation. Financial information can be obtained from the Director of Planned Giving, Rick Wood, at P. O. Box 854, Lebanon, Ohio 45036.

Note 17 - Insurance Purchasing Pool

The Career Center participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the plan. The Career Center paid $1,055 during 2017 to participate in the pool.

Note 18 - Statutory Reserves

As stated in H.B. 412, the Career Center is required to maintain through reserves for capital acquisitions. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

	Capital Improvements
Set Aside Reserve Balance as of June 30, 2016	$0
Current Year Set Aside Requirements	170,906
Current Year Offsets	(321,996)
Set Aside Balance as of June 30, 2017	(151,090)

Although the Career Center had qualifying disbursements during the year that reduced the capital acquisition below zero, the amount is not carried forward to the next fiscal year.

Note 19 – Fund Balance Allocation

The Career Center has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

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Fund Balances	**General**	**Adult Education**	**Permanent Improvement**	**Non-Major Funds**	**Total**
Nonspendable on:					
Inventory	$18,857	$4	$0	$0	$18,861
Total Nonspendable	18,857	4	0	0	$18,861
Restricted for:					
Classroom Facilities Maintenance	0	0	0	719,662	$719,662
Student Scholarships	0	0	0	937	$937
Other Grants	0	0	0	3,604	$3,604
School to Work	0	0	0	1,395	$1,395
Food Service	0	0	0	13,911	$13,911
Federal Grants	0	0	0	6,101	$6,101
Total Restricted	0	0	0	745,610	$745,610
Assigned to:					
Encumbrances	265,288	0	0	0	$265,288
Adult Education	0	4,417	0	0	$4,417
Budgetary Resources	1,753,999	0	0	0	$1,753,999
Permanent Improvement	0	0	2,932,216	0	$2,932,216
Public School Funds	6,382	0	0	0	$6,382
Total Assigned	2,025,669	4,417	2,932,216	0	$4,962,302
Unassigned	10,473,453	0	0	(25,153)	$10,448,300
Total Fund Balance	$12,517,979	$4,421	2,932,216	$720,457	$16,175,073

Note 20 – Contingencies

Grants

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

Litigation

As of June 30, 2017, the Career Center did not have any pending litigation.

Note 21 – Center Foundation

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

Note 22 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") and Enterprise Zone Agreement ("EZA") programs with the taxing districts of the Center. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the Center, Warren County has entered into CRA and EZA agreements. Under these agreements the Center's property taxes were reduced by $218,509.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.07152652%	0.06972967%	0.07025447%	0.07025447%
Center's Proportionate Share of the Net Pension Liability	$23,942,082	$19,271,241	$17,088,318	$20,355,493
Center's Covered-Employee Payroll	$7,951,907	$7,273,407	$7,730,223	$7,679,685
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	301.09%	252.40%	226.80%	265.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) - Information prior to 2014 is not available

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

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

	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.06015550%	0.06311340%	0.06086300%	0.06086300%
Center's Proportionate Share of the Net Pension Liability	$4,402,828	$3,601,312	$3,080,242	$3,619,327
Center's Covered-Employee Payroll	$1,868,207	$1,863,703	$1,676,335	$1,796,113
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.67%	200.53%	183.75%	201.51%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) - Information prior to 2014 is not available

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

Warren County Career Center
Required Supplementary Information
Schedule of Center Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$1,091,536	$1,113,267	$1,018,277	$1,004,929	$998,359	$1,036,483	$1,058,380	$1,038,413	$995,511	$916,596
Contributions in Relation to the Contractually Required Contribution	(1,091,536)	(1,113,267)	(1,018,277)	(1,004,929)	(998,359)	(1,036,483)	(1,058,380)	(1,038,413)	(995,511)	(916,596)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Center Covered-Employee Payroll	$7,796,686	$7,951,907	$7,273,407	$7,730,223	$7,679,685	$7,972,946	$8,141,385	$7,987,792	$7,657,777	$7,050,738
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Warren County Career Center
Required Supplementary Information
Schedule of Center Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	$276,260	$261,549	$245,636	$247,598	$248,582	$241,951	$224,989	$226,832	$220,108	$210,281
Contributions in Relation to the Contractually Required Contribution	(276,260)	(261,549)	(245,636)	(247,598)	(248,582)	(241,951)	(224,989)	(226,832)	(220,108)	(210,281)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Center Covered-Employee Payroll	$1,973,286	$1,868,207	$1,863,703	$1,786,421	$1,796,113	$1,798,892	$1,789,889	$1,675,273	$2,236,870	$2,141,354
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Warren County Career Center, Warren County, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	$7,961,424	$8,717,515	$8,719,916	$2,401
Revenue in lieu of taxes	75,736	82,928	82,951	23
Tuition and Fees	677,330	741,656	741,860	204
Investment Earnings	106,553	116,672	116,704	32
Intergovernmental	6,781,034	7,425,024	7,427,069	2,045
Charges for Services	1,780	1,949	1,950	1
Other Revenues	443,056	485,132	485,266	134
Total Revenues	16,046,913	17,570,876	17,575,716	4,840
Expenditures:				
Current:				
Instruction:				
Special	209,741	208,833	208,931	(98)
Vocational	8,358,640	8,322,440	8,326,341	(3,901)
Other	159,105	160,855	158,490	2,365
Support Services:				
Pupil	1,023,983	1,019,548	1,020,026	(478)
Instructional Staff	801,679	798,207	798,581	(374)
General Administration	42,444	42,260	42,280	(20)
School Administration	1,418,455	1,412,312	1,412,974	(662)
Fiscal	570,603	568,132	568,398	(266)
Operations and Maintenance	1,420,546	1,414,394	1,415,057	(663)
Pupil Transportation	266,653	265,499	265,623	(124)
Central	425,919	424,074	424,273	(199)
Operation of Non-Instructional Services	5,623	5,598	5,601	(3)
Extracurricular Activities	72,954	72,638	72,672	(34)
Capital Outlay	141,079	140,468	140,534	(66)
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	23,932	23,504	23,550	(46)
Total Expenditures	15,016,356	14,953,762	14,958,331	(4,569)
Excess of Revenues Over (Under) Expenditures	1,030,557	2,617,114	2,617,385	271
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	24	26	26	0
Advances In	220,481	241,420	241,486	66
Advances (Out)	(58,827)	(58,573)	(58,600)	(27)
Transfers In	104,997	114,968	115,000	32
Transfers (Out)	(4,790,762)	(4,770,014)	(4,772,250)	(2,236)
Total Other Financing Sources (Uses)	(4,524,087)	(4,472,173)	(4,474,338)	(2,165)
Net Change in Fund Balance	(3,493,530)	(1,855,059)	(1,856,953)	(1,894)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	13,464,570	13,464,570	13,464,570	0
Fund Balance - End of Year	$9,971,040	$11,609,511	$11,607,617	($1,894)

See accompanying notes to the required supplementary information.

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	$1,956,288	$1,542,735	$1,542,735	$0
Intergovernmental	624,213	492,256	492,256	0
Other Revenues	24,781	19,542	19,542	0
Total Revenues	2,605,282	2,054,533	2,054,533	0
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,493,770	1,311,425	1,311,139	286
Support Services:				
Pupil	73,415	64,453	64,439	14
Instructional Staff	123,664	108,569	108,545	24
School Administration	547,494	480,661	480,556	105
Business	21,487	18,864	18,860	4
Operations and Maintenance	27,765	24,375	24,370	5
Central	475,968	417,866	417,775	91
Operation of Non-Instructional Services	1,252	1,099	1,099	0
Debt Service:				
Principal Retirement	15,586	15,586	15,586	0
Interest and Fiscal Charges	5,039	2,521	2,517	4
Total Expenditures	2,785,440	2,445,419	2,444,886	533
Excess of Revenues Over (Under) Expenditures	(180,158)	(390,886)	(390,353)	533
Other Financing Sources (Uses):				
Transfers In	664,067	523,685	523,685	0
Transfers (Out)	(395,830)	(347,511)	(347,435)	76
Total Other Financing Sources (Uses)	268,237	176,174	176,250	76
Net Change in Fund Balance	88,079	(214,712)	(214,103)	609
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	357,434	357,434	357,434	0
Fund Balance - End of Year	$445,513	$142,722	$143,331	$609

See accompanying notes to the required supplementary information.

Note 1 – Budgetary Process

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

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

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

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

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

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

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

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for major funds with required budgetary supplemental information. Only the general and major special revenue funds are reported for comparison.

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	($2,482,512)	($153,519)
Revenue Accruals	476,456	0
Expenditure Accruals	408,766	(60,441)
Transfers In	115,000	347,435
Transfers Out	(268,000)	(347,435)
Advances In	241,486	0
Advances Out	(58,600)	0
Encumbrances	(289,549)	(143)
Budget Basis	($1,856,953)	($214,103)

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WARREN COUNTY CAREER CENTER
WARREN COUNTY

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

Federal Grantor, Pass-Through Grantor, Program Title/Name	Grant Year	CFDA Number	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2017	10.555	0	12,723
Cash Assistance:				
School Breakfast Program	2017	10.553	20,450	0
National School Lunch Program	2017	10.555	75,918	0
Total Child Nutrition Cluster			96,368	12,723
Total U.S. Department of Agriculture			**96,368**	**12,723**
U.S. DEPARTMENT OF EDUCATION				
Student Financial Aid Cluster:				
Federal Pell Grant Program	2017	84.063	232,867	0
Direct Loan Program	2017	84.268	518,006	0
Total Student Financial Aid Cluster			750,873	0
Passed Through Ohio Department of Education:				
Adult Education - Basic Grants to States	2017	84.002	144,973	0
Adult Education - Basic Grants to States	2016	84.002	0	0
Adult Education - Basic Grants to States (EL/Civics)	2017	84.002	11,111	0
Adult Education - Basic Grants to States (EL/Civics)	2015	84.002	153	0
Total CFDA Number 84.002			156,237	0
Improving Teacher Quality State Grants	2017	84.367	2,741	0
Improving Teacher Quality State Grants	2016	84.367	0	
Total CFDA Number 84.367			2,741	0
Career & Technical Education_Basic Grants to States	2017	84.048	245,348	0
Career & Technical Education_Basic Grants to States	2016	84.048	22,972	0
Passed Through Butler Technology and Career Development:				
Career & Technical Education_Basic Grants to States	2017	84.048	107,040	0
Career & Technical Education_Basic Grants to States	2016	84.048	0	0
Total CFDA Number 84.048			375,360	0
Total U.S. Department of Education			**1,285,211**	**0**
Total Federal Assistance			**1,381,579**	**12,723**

The accompanying notes to this schedule are an integral part of this schedule.

WARREN COUNTY CAREER CENTER
WARREN 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 the Warren County Career Center (the Career 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 Career Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Career Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Warren County Career Center
Warren County
3529 N. State Route 48
Lebanon, Ohio 45036

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Career Center, Warren County, (the Career Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017

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

Warren County Career Center
Warren County
3529 N. State Route 48
Lebanon, Ohio 45036

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

December 20, 2017

WARREN COUNTY CAREER CENTER
WARREN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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3529 N. State Route 48
Lebanon, OH 45036-1099
513-932-5677 or 1-877-547-5102

Warren County Career Center

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
December 31, 2016

Finding Number	Finding Summary	Status	Additional Information
2016-001	Internal Control Deficiency – Budget vs Actual Statements	Fully Corrected	Corrective Action Taken

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WARREN COUNTY CAREER CENTER

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 4, 2018