APOLLO CAREER CENTER
ALLEN COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Dave Yost · Auditor of State

OHIO AUDITOR OF STATE
KEITH FABER

January 15, 2019

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 14, 2019. Reports completed prior to that date contain the signature of my predecessor.

Ohio Auditor of State

Keith Faber

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APOLLO CAREER CENTER
ALLEN COUNTY

TABLE OF CONTENTS

APOLLO CAREER CENTER
ALLEN COUNTY

TABLE OF CONTENTS
(Continued)

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2018, 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, Ohio, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2T to the financial statements, during 2018, the Career Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 21, 2018, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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The discussion and analysis of the Apollo Career Center's (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Career Center's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for 2018 are as follows:

- Net position increased $6,568,360 which represents a 43 percent increase from 2017.
- Capital assets decreased $1,640,208 during fiscal year 2018.
- During the fiscal year, outstanding debt increased from $30,753,281 to $33,551,953 due to principal payments made by the Career Center offset by the issuance of new debt.
- The Career Center implemented GASB 75, which reduced beginning net position as previously reported by $4,689,777.
- A decrease in net pension liability and net OPEB liability substantially decreased the majority of instructional and support services expenses compared to fiscal year 2017. See further explanation after Table 1.

Using this Annual Report

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the Career Center's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Both of the government-wide financial statements distinguish functions of the Career Center that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Career Center include instruction, support services, operation of non-instructional services, and extracurricular activities. The business-type activity of the Career Center includes adult education.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of major funds begins on page 12. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and the bond retirement fund.

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

Business Type Fund The Career Center maintains one type of proprietary fund. The Career Center uses the adult education fund to account for services provided to adult students. This service is provided on a charge for services basis and is intended to recover all or most of the costs of the service provided. The proprietary fund financial statements begin on page 22.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in private purpose trust and agency funds. The Career Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 25 and Statement of Changes in Fiduciary Net Position on page 26. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

The Career Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net position for 2018 compared to 2017:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current and Other Assets	$ 22,481,150	$ 21,159,657	$ 972,369	$ 766,995	$ 23,453,519	$ 21,926,652
Capital Assets	45,417,264	46,909,405	9,063,222	9,211,289	54,480,486	56,120,694
Total Assets	67,898,414	68,069,062	10,035,591	9,978,284	77,934,005	78,047,346
Deferred Outflows of Resources						
Deferred Charges on Refunding	2,649,377	0	0	0	2,649,377	0
Pension & OPEB	3,707,812	3,398,427	2,230,807	833,981	5,938,619	4,232,408
Total Deferred Outflows of Resources	6,357,189	3,398,427	2,230,807	833,981	8,587,996	4,232,408
Liabilities						
Current Liabilities	1,214,146	1,434,583	151,642	180,111	1,365,788	1,614,694
Long-Term Liabilities:						
Due Within One Year	659,942	150,229	18,014	10,364	677,956	160,593
Due in More Than One Year						
Pension & OPEB	15,679,569	21,962,294	4,857,826	5,402,962	20,537,395	27,365,256
Other Amounts	33,518,347	31,169,592	119,272	92,451	33,637,619	31,262,043
Total Liabilities	51,072,004	54,716,698	5,146,754	5,685,888	56,218,758	60,402,586
Deferred Inflows of Resources						
Property Taxes	5,587,572	5,280,718	0	0	5,587,572	5,280,718
Pension & OPEB	727,075	714,249	2,044,803	506,768	2,771,878	1,221,017
Total Deferred Inflows of Resources	6,314,647	5,994,967	2,044,803	506,768	8,359,450	6,501,735
Net Position						
Net Investment in Capital Assets	15,015,024	24,435,763	9,063,222	9,211,289	24,078,246	33,647,052
Restricted	4,746,330	3,692,555	0	0	4,746,330	3,692,555
Unrestricted	(2,892,402)	(17,372,494)	(3,988,381)	(4,591,680)	(6,880,783)	(21,964,174)
Total Net Position	$ 16,868,952	$ 10,755,824	$ 5,074,841	$ 4,619,609	$ 21,943,793	$ 15,375,433

The net pension liability (NPL) is the largest single liability reported by the Career Center at June 30, 2018 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For fiscal year 2018, the Career Center adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Career Center's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Career Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the Career Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Career Center is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $20,065,210 to $15,375,433.

The significant decrease in net pension liability is largely the result of a change in benefit terms in which STRS reduced their COLA to zero coupled by a slight reduction in COLA benefits by SERS. The significant increase in deferred outflows and inflows related to pension/OPEB are primarily from the change of assumptions and the difference in projected and actual investments earnings, respectively. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL and are described in more detail in their respective notes.

Long-term liabilities due within one year had a significant increase of $517,363 during the fiscal year. This can be attributed to the issuance of new debt.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2018 and 2017.

Table 2
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues:						
Charges for Services and Sales	$ 1,280,644	$ 1,334,190	$ 2,706,000	$ 2,368,668	$ 3,986,644	$ 3,702,858
Operating Grants, Contributions and Interest	3,072,082	3,222,299	431,547	428,267	3,503,629	3,650,566
Total Program Revenues	4,352,726	4,556,489	3,137,547	2,796,935	7,490,273	7,353,424
General Revenues:						
Property Taxes	5,952,353	5,942,292	0	0	5,952,353	5,942,292
Grants and Entitlements Not Restricted	4,424,721	4,509,837	0	0	4,424,721	4,509,837
Other	465,193	498,367	498,118	458,446	963,311	956,813
Total General Revenues	10,842,267	10,950,496	498,118	458,446	11,340,385	11,408,942
Total Revenues	15,194,993	15,506,985	3,635,665	3,255,381	18,830,658	18,762,366
Program Expenses						
Instruction:						
Regular	(43,295)	421,659	0	0	(43,295)	421,659
Special	(19,166)	193,233	0	0	(19,166)	193,233
Vocational	2,649,474	8,494,518	0	0	2,649,474	8,494,518
Adult/Continuing	432,988	412,742	0	0	432,988	412,742
Support Services:						
Pupils	75,292	549,067	0	0	75,292	549,067
Instructional Staff	154,981	1,075,590	0	0	154,981	1,075,590
Board of Education	79,514	59,599	0	0	79,514	59,599
Administration	447,945	862,090	0	0	447,945	862,090
Fiscal	517,593	543,717	0	0	517,593	543,717
Business	9,592	4,592	0	0	9,592	4,592
Operation and Maintenance of Plant	1,649,670	1,685,334	0	0	1,649,670	1,685,334
Pupil Transportation	49,343	41,221	0	0	49,343	41,221
Central	741,323	818,155	0	0	741,323	818,155
Operation of Non-Instructional Services:						
Food Service Operations	435,789	433,602	0	0	435,789	433,602
Extracurricular Activities	51,865	43,741	0	0	51,865	43,741
Debt Service:						
Interest and Fiscal Charges	1,800,928	1,869,101	0	0	1,800,928	1,869,101
Adult Education	0	0	3,228,462	3,350,440	3,228,462	3,350,440
Total Expenses	9,033,836	17,507,961	3,228,462	3,350,440	12,262,298	20,858,401
Increase (Decrease) in Net Position before Transfers	6,161,157	(2,000,976)	407,203	(95,059)	6,568,360	(2,096,035)
Transfers	(48,029)	(302,754)	48,029	302,754	0	0
Increase (Decrease) in Net Position	$ 6,113,128	$ (2,303,730)	$ 455,232	$ 207,695	$ 6,568,360	$ (2,096,035)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $18,801 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $527,381. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activites	Business-Type Activities
Total 2018 Program Expenses under GASB 75	$ 9,033,836	$ 3,228,462
Negative OPEB Expense under GASB 75	524,881	2,500
2018 Contractually Required Contribution	27,582	6,054
Adjusted 2018 Program Expenses	9,586,299	3,237,016
Total 2017 Program Expenses under GASB 45	17,507,961	3,350,440
Decrease in Program Expenses not Related to OPEB	$ (7,921,662)	$ (113,424)

See financial highlights for explanation of fluctuations in instructional and support services expenses. The negative expense reported by regular and special instruction was also caused by these accruals.

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

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Table 3
Governmental Activities

	Total Cost of Service 2018	Total Cost of Service 2017	Net Cost of Service 2018	Net Cost of Service 2017
Instruction:				
Regular	$ (43,295)	$ 421,659	$ (43,295)	$ 421,659
Special	(19,166)	193,233	(114,166)	(366,267)
Vocational	2,649,474	8,494,518	(656,392)	5,164,120
Adult/Continuing	432,988	412,742	310,035	101,222
Support Services:				
Pupils	75,292	549,067	25,053	549,067
Instructional Staff	154,981	1,075,590	(85,313)	1,073,790
Board of Education	79,514	59,599	79,514	59,599
Administration	447,945	862,090	373,415	862,090
Fiscal	517,593	543,717	517,593	543,717
Business	9,592	4,592	9,592	4,592
Operation and Maintenance of Plant	1,649,670	1,685,334	1,594,565	1,685,334
Pupil Transportation	49,343	41,221	49,343	41,221
Central	741,323	818,155	741,323	818,155
Operation of Non-Instructional Services:				
Food Service Operations	435,789	433,602	27,050	80,331
Extracurricular Activities	51,865	43,741	51,865	43,741
Debt Service:				
Interest and Fiscal Charges	1,800,928	1,869,101	1,800,928	1,869,101
Total Expenses	$ 9,033,836	$ 17,507,961	$ 4,681,110	$ 12,951,472

The dependence upon general revenues for governmental activities is apparent. Almost 52 percent of governmental activities are supported through taxes and other general revenues; such revenues are 71 percent of total governmental revenues. The community, as a whole, is by far the primary support for the Career Center students.

The total and net cost of services changes were primarily caused by the change in COLA related to NPL as previously discussed.

Governmental Funds

Information about the Career Center's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2018 was an increase of $884,738. The increase is primarily caused by an increase in property tax revenue.

The bond retirement fund's net change in fund balance for fiscal year was a decrease of $94,604. This was primarily caused by the refunding of bonds during the fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the Career Center did not amend its general fund budget. The Career Center uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was $342,837 higher than the final budget basis revenue of $11,112,485 due to intergovernmental receipts being higher than anticipated.

Final appropriations of $15,580,750 were $5,176,922 higher than the actual expenditures of $10,403,828. The Career Center budgeted excess appropriations in fiscal year 2018 which were not expended. There were no other significant fluctuations to note.

During the course of fiscal year 2018, there were no significant changes from the original to final budget.

There were no significant variances to discuss within other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the Career Center had $54,480,486 invested in capital assets. Table 4 shows fiscal year 2018 balances compared with 2017.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 320,294	$ 320,294	$ 20,914	$ 20,914	$ 341,208	$ 341,208
Land Improvements	4,370,754	4,616,402	336,018	361,132	4,706,772	4,977,534
Buildings and Improvements	37,046,428	37,910,038	8,384,017	8,554,089	45,430,445	46,464,127
Furniture, Fixtures, and Equipment	3,468,145	3,857,655	226,405	262,779	3,694,550	4,120,434
Vehicles	211,643	205,016	95,868	12,375	307,511	217,391
Totals	$ 45,417,264	$ 46,909,405	$ 9,063,222	$ 9,211,289	$ 54,480,486	$ 56,120,694

The $1,640,208 decrease in capital assets was attributable to current year depreciation exceeding current year additions. See Note 8 for more information about the capital assets of the Career Center.

Debt

At June 30, 2018, the Career Center had $33,551,953 in debt outstanding. See Note 15 for additional details. Table 5 summarizes loans outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2018	2017
General Obligation Bonds	$ 33,551,953	$ 30,753,281

The Apollo Board of Education sold $29,000,000 in general obligation refunding bonds in December 2017. In preparing to sell the bonds, Career Center officials presented to Moody's Investor Services and retained the above average credit rating of Aa2. This resulted in interest savings of $3,521,484.53 million, allowing the 30-year tax collection to be reduced by 2.87 years.

Current Issues

The General Fund has increased the June 30 fund balance each of the past five years and the current five year forecast projects, without any new levies, a stable future. The General Fund millage has remained at 1.7 mills since 1982.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Maria Rellinger, Treasurer of Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806-1497.

Apollo Career Center
Allen County, Ohio
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	$ 15,638,287	$ 778,233	$ 16,416,520
Receivables:			
Accounts	212,152	115,008	327,160
Intergovernmental	3,366	49,192	52,558
Property Taxes	6,545,572	0	6,545,572
Prepaid Items	81,773	29,936	111,709
Nondepreciable Capital Assets	320,294	20,914	341,208
Depreciable Capital Assets (Net)	45,096,970	9,042,308	54,139,278
Total Assets	67,898,414	10,035,591	77,934,005
Deferred Outflows of Resources			
Deferred Charges on Refunding	2,649,377	0	2,649,377
Pension	3,591,388	2,029,358	5,620,746
OPEB	116,424	201,449	317,873
Total Deferred Outflows of Resources	6,357,189	2,230,807	8,587,996
Liabilities			
Accounts Payable	17,102	3,508	20,610
Accrued Wages and Benefits	942,061	110,924	1,052,985
Intergovernmental Payable	151,748	20,135	171,883
Matured Compensated Absences Payable	0	17,075	17,075
Accrued Interest Payable	103,235	0	103,235
Long Term Liabilities:			
Due Within One Year	659,942	18,014	677,956
Due In More Than One Year:			
Net Pension Liability	12,676,834	3,998,934	16,675,768
Net OPEB Liability	3,002,735	858,892	3,861,627
Other Amonts Due in More Than One Year	33,518,347	119,272	33,637,619
Total Liabilities	51,072,004	5,146,754	56,218,758
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	5,587,572	0	5,587,572
Pension	395,173	1,791,699	2,186,872
OPEB	331,902	253,104	585,006
Total Deferred Inflows of Resources	6,314,647	2,044,803	8,359,450
Net Position			
Net Investment in Capital Assets	15,015,024	9,063,222	24,078,246
Restricted For:			
Capital Outlay	2,021,105	0	2,021,105
Debt Service	1,010,290	0	1,010,290
Other Purposes	1,714,935	0	1,714,935
Unrestricted	(2,892,402)	(3,988,381)	(6,880,783)
Total Net Position	$ 16,868,952	$ 5,074,841	$ 21,943,793

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants, Contributions and Interest	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	$ (43,295)	$ 0	$ 0	$ 43,295	$ 0	$ 43,295
Special	(19,166)	0	95,000	114,166	0	114,166
Vocational	2,649,474	1,048,708	2,257,158	656,392	0	656,392
Adult/Continuing	432,988	0	122,953	(310,035)	0	(310,035)
Support Services:						
Pupils	75,292	0	50,239	(25,053)	0	(25,053)
Instructional Staff	154,981	0	240,294	85,313	0	85,313
Board of Education	79,514	0	0	(79,514)	0	(79,514)
Administration	447,945	0	74,530	(373,415)	0	(373,415)
Fiscal	517,593	0	0	(517,593)	0	(517,593)
Business	9,592	0	0	(9,592)	0	(9,592)
Operation and Maintenance of Plant	1,649,670	0	55,105	(1,594,565)	0	(1,594,565)
Pupil Transportation	49,343	0	0	(49,343)	0	(49,343)
Central	741,323	0	0	(741,323)	0	(741,323)
Operation of Non-Instructional Services:						
Food Service Operations	435,789	231,936	176,803	(27,050)	0	(27,050)
Extracurricular Activities	51,865	0	0	(51,865)	0	(51,865)
Debt Service:						
Interest and Fiscal Charges	1,800,928	0	0	(1,800,928)	0	(1,800,928)
Total Governmental Activities	9,033,836	1,280,644	3,072,082	(4,681,110)	0	(4,681,110)
Business-Type Activities						
Adult Education	3,228,462	2,706,000	431,547	0	(90,915)	(90,915)
Total Business-Type Activities	3,228,462	2,706,000	431,547	0	(90,915)	(90,915)
Totals	$ 12,262,298	$ 3,986,644	$ 3,503,629	(4,681,110)	(90,915)	(4,772,025)
General Revenues						
Property Taxes Levied for:						
General Purposes				3,491,537	0	3,491,537
Debt Service				1,412,064	0	1,412,064
Capital Outlay				692,170	0	692,170
Classroom Facility Maintenance				356,582	0	356,582
Grants and Entitlements Not Restricted to Specific Programs				4,424,721	0	4,424,721
Gain on Sale of Capital Assets				10,514	24,850	35,364
Investment Earnings				135,789	3,202	138,991
Miscellaneous				318,890	470,066	788,956
Total General Revenues				10,842,267	498,118	11,340,385
Transfers				(48,029)	48,029	0
Change in Net Position				6,113,128	455,232	6,568,360
Net Position Beginning of Year (Restated - See Note 2)				10,755,824	4,619,609	15,375,433
Net Position End of Year				$ 16,868,952	$ 5,074,841	$ 21,943,793

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Balance Sheet
Governmental Funds
June 30, 2018

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 10,679,677	$ 881,874	$ 4,076,736	$ 15,638,287
Receivables:				
Accounts	0	0	212,152	212,152
Interfund	250,000	0	0	250,000
Intergovernmental	0	0	3,366	3,366
Property Taxes	3,693,722	1,724,594	1,127,256	6,545,572
Prepaid Items	80,447	0	1,326	81,773
Total Assets	$ 14,703,846	$ 2,606,468	$ 5,420,836	$ 22,731,150
Liabilities				
Accounts Payable	$ 17,041	$ 0	$ 61	$ 17,102
Accrued Wages and Benefits	932,746	0	9,315	942,061
Intergovernmental Payable	138,952	0	12,796	151,748
Interfund Payable	0	0	250,000	250,000
Total Liabilities	1,088,739	0	272,172	1,360,911
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	3,131,019	1,492,943	963,610	5,587,572
Unavailable Revenue	109,114	44,929	31,504	185,547
Total Deferred Inflows of Resources	3,240,133	1,537,872	995,114	5,773,119
Fund Balances				
Nonspendable	80,447	0	1,326	81,773
Restricted	0	1,068,596	3,708,276	4,776,872
Committed	300,000	0	0	300,000
Assigned	78,604	0	443,948	522,552
Unassigned	9,915,923	0	0	9,915,923
Total Fund Balances	10,374,974	1,068,596	4,153,550	15,597,120
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 14,703,846	$ 2,606,468	$ 5,420,836	$ 22,731,150

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Fund Balances		$ 15,597,120
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.		45,417,264
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes		185,547
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(103,235)
In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued.		2,649,377
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds.		
Deferred Outflows - Pension	3,591,388	
Deferred Outflows - OPEB	116,424	
Net Pension Liability	(12,676,834)	
Net OPEB Liability	(3,002,735)	
Deferred Inflows - Pension	(395,173)	
Deferred Inflows - OPEB	(331,902)	(12,698,832)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
General Obligation Bonds	(29,385,000)	
Capital Appreciation Bonds	(135,000)	
Accretion of Interest - Capital Appreciation Bonds	(500,336)	
Bond Premium	(3,531,617)	
Compensated Absences	(626,336)	(34,178,289)
Net Position of Governmental Activities		$ 16,868,952

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2018

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 3,516,461	$ 1,418,385	$ 1,055,166	$ 5,990,012
Intergovernmental	6,354,760	181,329	982,603	7,518,692
Investment Income	139,366	4,857	12,411	156,634
Tuition and Fees	966,527	0	0	966,527
Rentals	2,918	0	0	2,918
Charges for Services	117,533	0	194,433	311,966
Miscellaneous	108,730	112	212,622	321,464
Total Revenues	11,206,295	1,604,683	2,457,235	15,268,213
Expenditures				
Current:				
Instruction:				
Regular	301,991	0	0	301,991
Special	95,286	0	98,650	193,936
Vocational	5,401,298	0	585,008	5,986,306
Adult Education	0	0	179,219	179,219
Support Services:				
Pupils	474,160	0	50,239	524,399
Instructional Staff	604,444	0	234,747	839,191
Board of Education	76,593	0	0	76,593
Administration	742,411	0	84,347	826,758
Fiscal	490,527	27,760	20,477	538,764
Business	5,000	0	0	5,000
Operation and Maintenance of Plant	1,406,235	0	103,915	1,510,150
Pupil Transportation	3,166	0	0	3,166
Central	674,559	0	70,439	744,998
Extracurricular Activities	51,865	0	0	51,865
Operation of Non-Instructional Services:				
Food Service Operations	0	0	339,762	339,762
Capital Outlay	4,536	0	181,650	186,186
Debt Service:				
Principal Retirement	0	50,000	0	50,000
Interest and Fiscal Charges	0	1,801,191	0	1,801,191
Advance Refunding Escrow	0	165,000	0	165,000
Total Expenditures	10,332,071	2,043,951	1,948,453	14,324,475
Excess of Revenues Over (Under) Expenditures	874,224	(439,268)	508,782	943,738
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	5,943	0	0	5,943
Insurance Recoveries	4,571	0	0	4,571
Issuance of Refunding Bonds	0	29,000,000	0	29,000,000
Premium on Refunding Bonds Issued	0	3,606,758	0	3,606,758
Payment to Refunding Escrow Agent	0	(32,262,094)	0	(32,262,094)
Total Other Financing Sources (Uses)	10,514	344,664	0	355,178
Net Change in Fund Balance	884,738	(94,604)	508,782	1,298,916
Fund Balances Beginning of Year	9,490,236	1,163,200	3,644,768	14,298,204
Fund Balances End of Year	$ 10,374,974	$ 1,068,596	$ 4,153,550	$ 15,597,120

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds		$ 1,298,916
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 103,132	
Current Year Depreciation	(1,549,751)	(1,446,619)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(45,522)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(37,659)	
Accounts Receivable	(3,343)	
Accrued Interest Receivable	(10,426)	
Intergovernmental	(32,306)	(83,734)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Capital Appreciation Bond	50,000	
Accreted Interest on CAB	165,000	
Payment to Refunded Bond Escrow Agent	32,427,094	32,642,094
Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
Proceeds of Refunding Bonds	(29,000,000)	
Premium on Refunding Bonds	(3,606,758)	(32,606,758)
In the statement of activities, interest is accrued on outstanding bonds; and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	19,894	
Amortization of Premium on Bonds	75,141	
Amortization of Deferred Charge	(56,370)	38,665
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	890,498	
OPEB	27,582	918,080
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	5,136,323	
OPEB	524,881	5,661,204
Some expenses reported in the statement of activities do not require the use of the current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		(59,796)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		(203,402)
Change in Net Position of Governmental Activities		$ 6,113,128

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 11,112,485	$ 11,112,485	$ 11,455,322	$ 342,837
Expenditures and Other Financing Uses	15,580,750	15,580,750	10,403,828	5,176,922
Net Change in Fund Balance	(4,468,265)	(4,468,265)	1,051,494	5,519,759
Fund Balance Beginning of Year	9,531,033	9,531,033	9,531,033	0
Prior Year Encumbrances Appropriated	171,404	171,404	171,404	0
Fund Balance End of Year	$ 5,234,172	$ 5,234,172	$ 10,753,931	$ 5,519,759

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2018

	Adult Education
Assets	
Current Assets	
Equity in Pooled Cash and Investments	$ 778,233
Accounts Receivable	115,008
Intergovernmental Receivable	49,192
Prepaid Items	29,936
Total Current Assets	972,369
Non-Current Assets:	
Nondepreciable Capital Assets	20,914
Depreciable Capital Assets (Net)	9,042,308
Total Non-Current Assets	9,063,222
Total Assets	10,035,591
Deferred Outflows of Resources	
Pension	2,029,358
OPEB	201,449
Total Deferred Outflows of Resources	2,230,807
Liabilities	
Current Liabilities	
Accounts Payable	3,508
Accrued Wages and Benefits	110,924
Intergovernmental Payable	20,135
Matured Compensated Absences Payable	17,075
Compensated Absences Payable	18,014
Total Current Liabilities	169,656
Long-Term Liabilities	
Compensated Absences Payable - net of Current Portion	119,272
Net Pension Liability	3,998,934
Net OPEB Liability	858,892
Total Long-Term Liabilities	4,977,098
Total Liabilities	5,146,754
Deferred Inflows of Resources	
Pension	1,791,699
OPEB	253,104
Total Deferred Inflows of Resources	2,044,803
Net Position	
Net Investment in Capital Assets	9,063,222
Unrestricted	(3,988,381)
Total Net Position	$ 5,074,841

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Adult Education
Operating Revenues	
Charges for Services	$ 2,706,000
Other	470,066
Total Operating Revenues	3,176,066
Operating Expenses	
Salaries and Wages	1,723,547
Fringe Benefits	182,258
Purchased Services	404,542
Materials and supplies	472,414
Depreciation	270,846
Other	174,855
Total Operating Expenses	3,228,462
Operating Income (Loss)	(52,396)
Non-Operating Revenues (Expenses)	
Intergovernmental	431,547
Interest	3,202
Gain on Sale of Capital Assets	24,850
Total Non-Operating Revenues (Expenses)	459,599
Income (Loss) Before Capital Contributions	407,203
Capital Contributions	48,029
Change in Net Position	455,232
Net Position Beginning of Year (Restated - See Note 2)	4,619,609
Net Position End of Year	$ 5,074,841

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2018

	Adult Education
Cash Flows From Operating Activities	
Cash Received from Customers	$ 2,711,854
Other Cash Receipts	463,782
Cash Paid for Goods and Services	(879,162)
Cash Paid for Employee Benefits	(2,308,905)
Other Cash Payments	(174,855)
Net Cash Provided By (Used For) Operating Activities	(187,286)
Cash Flows From Non-Capital Financing Activities	
Grants Received	431,547
Cash Flows From Investing Activities	
Interest on Investments	3,202
Cash Flows From Capital and Related Activities:	
Proceeds from Sale of Capital Assets	33,100
Payments for Capital Acquisitions	(83,000)
Net Cash Provided By (Used For) Capital and Related Financing Activities	(49,900)
Net Increase (Decrease) in Cash and Cash Equivalents	197,563
Cash and Cash Equivalents, Beginning of Year	580,670
Cash and Cash Equivalents, End of Year	$ 778,233
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities	
Operating Income (Loss)	$ (52,396)
Adjustments:	
Depreciation	270,846
(Increase) Decrease Assets/Deferred Outflows of Resources:	
Accounts Receivable	(942)
Intergovernmental Receivable	512
Prepaid Items	(7,381)
Deferred Outflows - Pension/OPEB	(1,396,826)
Increase (Decrease) in Liabilities/Deferred Inflows of Resources:	
Accounts Payable	1,542
Accrued Wages and Benefits	(42,302)
Intergovernmental Payable	(4,784)
Matured Compensated Absesnces	17,075
Compensated Absences Payable	34,471
Net Pension Liability	(481,355)
Net OPEB Liability	(63,781)
Deferred Inflows - Pension/OPEB	1,538,035
Total Adjustments	(134,890)
Net Cash Provided By (Used For) Operating Activities	$ (187,286)

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Investments	$ 136,917	$ 68,171
Investments in Segregated Accounts	376,738	0
Total Assets	513,655	$ 68,171
Liabilities		
Undistributed Monies	0	$ 3,725
Due to Students	0	64,446
Total Liabilities	0	$ 68,171
Net Position		
Held in Trust for Scholarships	$ 513,655	

See accompanying notes to the basic financial statements.

Apollo Career Center
Allen County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2018

Additions		
Gifts and Contributions	$	102,708
Investment Earnings		33,122
Total Additions		135,830
Deductions		
Payments in Accordance with Trust Agreements		48,360
Change in Net Position		87,470
Net Position Beginning of Year		426,185
Net Position End of Year	$	513,655

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

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

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

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

The Career Center participates in a jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Schools of Ohio Risk Sharing Authority, Allen County Schools Health Benefits Plan, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

> ***General Fund*** The General fund us used to account for all financial resources, except those required to be accounted for in another fund. The general fund balance is available to the Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** The Bond Retirement fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

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

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

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

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

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

C. Measurement Focus

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

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

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

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

D. Basis of Accounting

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

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

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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Career Center, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

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

E. Budgetary Process

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

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

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

F. Cash and Investments

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

During fiscal year 2018, the Career Center's investments included negotiable certificates of deposit, federal agency securities, mutual funds, commercial paper, money market and STAR Ohio. Investments reported at fair value are based on quoted market price, current share price, or amortized cost. STAR Ohio is an investment pool, management by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The Career Center measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized costs basis that provides a NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given twenty-four hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million requiring the excess amount to be transacted the following business days(s), but only to the $100 million limit. All accounts of the participant are combined for this purpose.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General fund during fiscal year 2018 was $139,366, which included $23,218 assigned from other Career Center funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, are recorded as prepaid items using the consumption method. A current assets for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Restricted Assets

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

I. Capital Assets

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

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The Career Center maintains a capitalization threshold of $5,000. The Career Center does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

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

Description	Estimated Useful Lives
Land Improvements	20-40 Years
Buildings and Improvements	10-100 Years
Furniture, Fixtures, and Equipment	5-20 Years
Vehicles	8 Years

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

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

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “Matured Compensated Absences Payable” in the fund from which the employees who have accumulated unpaid leave are paid.

L. Pensions and Other Postemployment Benefits (OPEB)

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

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

N. Unamortized Premiums

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

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

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

O. Net Position

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

P. Fund Balance

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

> ***Nonspendable*** The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
>
> ***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions.

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

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

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Q. Operating Revenues and Expenses

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

R. Estimates

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2018.

T. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2018, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits* *other than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements,* GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments.*

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 81 requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, it requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement also requires that a government recognize revenue when the resources become applicable to the reporting period. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. These changes were incorporated in the Career Center's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Career Center.

	Governmental Activites	Business-Type Activities Adult Education
Net Position, June 30, 2017	$ 14,526,500	5,538,710
Adjustments:		
Net OPEB Liability	(3,785,905)	(922,673)
Deferred Outflow-Payments Subsequent to Measurement Date	15,229	3,572
Restated Net Position, July 1, 2017	$ 10,755,824	$ 4,619,609

Other than employer contributions subsequent to the measurement date, the Career Center made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP basis) and actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are as follows:

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

2. Expenditures/expenses are recorded when paid in cash (budget) rather than when the liability is incurred (GAAP).

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

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

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

	General
GAAP Basis	$ 884,738
Net Adjustment for Revenue Accruals	317,699
Net Adjustment for Expenditure Accruals	(65,584)
Funds Budgeted Elsewhere	(5,867)
Adjustment for Encumbrances	(79,492)
Budget Basis	$ 1,051,494

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the health trust fund, rotary/consumer supplies and termination benefits funds.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings and 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 may be deposited or invested in the following securities:

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

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

3. Written repurchase agreements in the securities listed above;

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

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

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

7. The State Treasurer’s investment pool STAR Ohio; and

8. Banker’s acceptances and commercial paper if training requirements have been met.

Protection of the Career Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

B. Investments

As of June 30, 2018, the Career Center had the following investments.

			Investment Maturities			
Rating	Investment	Measurement Amount	12 Months or Less	13 to 36 Months	More Than 36 Months	Percent of Total
	Net Asset Value (NAV):					
AAAm	STAR Ohio	$ 3,564,756	$ 3,564,756	$ 0	$ 0	22.75%
	Amortized Cost:					
N/A	Mutual Funds	376,738	376,738	0	0	2.40%
A-1	Commercial Paper	3,619,283	3,619,283	0	0	23.10%
	Fair Value (FV):					
Aaa	FNMA	306,416	0	306,416	0	1.96%
Aaa	FHLB	844,530	249,338	96,547	498,645	5.39%
Aaa	FFCB					0.00%
Aaa	FHLMC	581,300	0	98,100	483,200	3.71%
N/A	Negotiable Certificate of Deposit	6,369,843	3,213,276	1,953,163	1,203,404	40.65%
Aaa	Money Market	6,528	6,528	0	0	0.04%
	Total	$ 15,669,394	$ 11,029,919	$2,454,226	$ 2,185,249	100.00%

The Career Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Career Center's recurring fair value measurements as of June 30, 2018. The Career Center's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

Credit Risk The Career Center places no limit on the amount it may invest in any one issuer or investment type. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2018, is 49 days and carries a rating of AAAm by S&P Global Ratings.

NOTE 5 – RECEIVABLES

Receivables at June 30, 2018 consisted of interfund, accounts, intergovernmental, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located within the area served by the Career Center. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Allen, Auglaize, Hancock, Hardin, Putnam, and Van Wert Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second half real property tax payments collected by the Counties by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2018, and for which there was an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

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

The assessed values upon which fiscal year 2018 taxes were collected are:

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 2,482,603,620	94.59%	$ 3,482,811,680	94.31%
Public Utility Personal Property	141,892,060	5.41%	209,964,570	5.69%
Total	$ 2,624,495,680	100.00%	$ 3,692,776,250	100.00%
Full Tax Rate per $1,000 of assessed valuation	$ 3.04		$ 3.09	

NOTE 7 – TAX ABATEMENTS

The Career Center's property taxes were reduced $62,237 under the community reinvestment area and enterprise zone agreements entered into by overlapping governments.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Governmental Activities				
Capital Assets not being depreciated:				
Land	$ 320,294	$ 0	$ 0	$ 320,294
Total Capital Assets, not being depreciated	320,294	0	0	320,294
Capital Assets, being depreciated:				
Land Improvements	5,084,699	0	0	5,084,699
Building and Improvements	43,973,014	0	0	43,973,014
Furniture, Fixtures, and Equipment	6,002,908	53,332	(162,353)	5,893,887
Vehicles	656,045	49,800	0	705,845
Total Capital Assets, being depreciated	55,716,666	103,132	(162,353)	55,657,445
Less Accumulated Depreciation:				
Land Improvements	(468,297)	(245,648)	0	(713,945)
Building and Improvements	(6,062,976)	(863,610)	0	(6,926,586)
Furniture, Fixtures, and Equipment	(2,145,253)	(397,320)	116,831	(2,425,742)
Vehicles	(451,029)	(43,173)	0	(494,202)
Total Accumulated Depreciation	(9,127,555)	(1,549,751)	116,831	(10,560,475)
Total Capital Assets being depreciated, net	46,589,111	(1,446,619)	(45,522)	45,096,970
Governmental Activities Capital Assets, net	$ 46,909,405	$ (1,446,619)	$ (45,522)	$ 45,417,264

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 32,888
Vocational	851,828
Adult/Continuing Education	254,164
Support Services:	
Instructional Staff	25,384
Board of Education	2,921
Administration	13,617
Fiscal	2,428
Business	4,592
Operation and Maintenance of Plant	186,358
Pupil Transportation	46,177
Central	27,811
Food Service Operations	101,583
Total Depreciation Expense	$ 1,549,751

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
Business-Type Activities				
Capital Assets not being depreciated:				
Land	$ 20,914	$ 0	$ 0	$ 20,914
Total Capital Assets, not being depreciated	20,914	0	0	20,914
Capital Assets, being depreciated:				
Land Improvements	590,757	0	0	590,757
Building and Improvements	9,808,964	21,391	0	9,830,355
Furniture, Fixtures, and Equipment	548,991	7,379	0	556,370
Vehicles	196,900	102,259	(66,000)	233,159
Total Capital Assets, being depreciated	11,145,612	131,029	(66,000)	11,210,641
Less Accumulated Depreciation:				
Land Improvements	(229,625)	(25,114)	0	(254,739)
Building and Improvements	(1,254,875)	(191,463)	0	(1,446,338)
Furniture, Fixtures, and Equipment	(286,212)	(43,753)	0	(329,965)
Vehicles	(184,525)	(10,516)	57,750	(137,291)
Total Accumulated Depreciation	(1,955,237)	(270,846)	57,750	(2,168,333)
Total Capital Assets being depreciated, net	9,190,375	(139,817)	(8,250)	9,042,308
Business-Type Activities Capital Assets, net	$ 9,211,289	$ (139,817)	$ (8,250)	$ 9,063,222

Business-type activities accepted contributions of capital assets from governmental activities, in the amount of $48,029.

NOTE 9 – INTERFUND RECEIVABLES/PAYABLES

At June 30, 2018, the General Fund had an interfund receivable, in the amount of $250,000, from providing cash flow resources to other governmental funds. This amount is expected to be repaid in one year.

NOTE 10 – OTHER COMMITMENTS

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

Fund	Amount
General Fund	$ 74,732
Other Governmental	320,938
Total Governmental Funds	$ 395,670

NOTE 11– RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2018, the Career Center contracted for the following insurance coverage.

SORSA	
Building and Contents – Replacement Cost	$ 63,970,273
Automobile Liability	15,000,000
Excess Liability	15,000,000
General Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000

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

In fiscal year 2018, the Career Center participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with SORSA for insurance coverage and pays annual premiums to SORSA based on the types and limits of coverage and deductibles selected by the participant.

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

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

NOTE 12– DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – Career Center non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor 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 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 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring after January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at three percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. SERS allocated 0.5 percent of employer contributions to the Health Care Fund for fiscal year 2018.

The Career Center's contractually required contribution to SERS was $295,400 for fiscal year 2018. Of this amount, $12,697 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Career Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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 was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2018, plan members were required to contribute 14 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was $876,041 for fiscal year 2018. Of this amount, $121,904 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Career Center's employer allocation percentage of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07045510%	0.05247787%	
Prior Measurement Date	0.06974040%	0.05243724%	
Change in Proportionate Share	0.00071470%	0.00004063%	
Proportionate Share of the Net Pension Liability	$ 4,209,537	$ 12,466,231	$ 16,675,768
Pension Expense	$ (113,108)	$ (5,137,645)	$ (5,250,753)

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

At June 30, 2018 the Career Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 181,162	$ 481,390	$ 662,552
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	0	0
Changes of Assumptions	217,679	2,726,502	2,944,181
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	98,100	744,472	842,572
Career Center Contributions Subsequent to the Measurement Date	295,400	876,041	1,171,441
Total Deferred Outflows of Resources	$ 792,341	$ 4,828,405	$ 5,620,746
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 100,473	$ 100,473
Net Difference between Projected and Actual Earnings on Pension Plan Investments	19,983	411,401	431,384
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	27,589	1,627,426	1,655,015
Total Deferred Inflows of Resources	$ 47,572	$ 2,139,300	$ 2,186,872

$1,171,441 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 206,971	$ 251,625	$ 458,596
2020	275,599	811,275	1,086,874
2021	69,088	526,660	595,748
2022	(102,289)	223,504	121,215
	$ 449,369	$ 1,813,064	$ 2,262,433

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 terminations). 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, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015. The assumed rate of inflation, payroll growth assumption and assumed real wage growth were reduced in the most recent actuarial valuation. The rates of withdrawal, retirement and disability updated to reflect recent experience and mortality rates were also updated.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major 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 earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Career Center's Proportionate Share of the Net Pension Liability	$ 5,841,743	$ 4,209,537	$ 2,842,231

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

*The target allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. 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. 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, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2017.

Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Career Center's proportionate share of the net pension liability as of June 30, 2017, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Career Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current assumption:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's Proportionate Share of the Net Pension Liability	$ 17,869,917	$ 12,466,231	$ 7,914,434

Assumption Changes since the Prior Measurement Date
The Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Benefit Term Changes since the Prior Measurement Date
Effective July 1, 2017, the COLA was reduced to zero.

Note 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Career Center’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB 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 these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Career Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. 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. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the Career Center's surcharge obligation was $22,695.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contractually required contribution to SERS was $33,636 for fiscal year 2018. Of this amount $23,165 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered 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 partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net OPEB liability was based on the Career Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06759730%	0.05247787%	
Prior Measurement Date	0.06680609%	0.05243724%	
Change in Proportionate Share	0.00079121%	0.00004063%	
Proportionate Share of the Net OPEB Liability	$ 1,814,134	$ 2,047,493	$ 3,861,627
OPEB Expense	$ 98,957	$ (626,338)	$ (527,381)

At June 30, 2018, the Career Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 0	$ 118,194	$ 118,194
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	19,471	146,572	166,043
Career Center Contributions Subsequent to the Measurement Date	33,636	0	33,636
Total Deferred Outflows of Resources	$ 53,107	$ 264,766	$ 317,873
Deferred Inflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 4,790	$ 87,514	$ 92,304
Changes of Assumptions	172,152	164,932	337,084
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	12,772	142,846	155,618
Total Deferred Inflows of Resources	$ 189,714	$ 395,292	$ 585,006

$33,636 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (61,144)	$ (29,049)	$ (90,193)
2020	(61,144)	(29,049)	(90,193)
2021	(46,759)	(29,049)	(75,808)
2022	(1,196)	(29,047)	(30,243)
2023	0	(7,170)	(7,170)
Thereafter	0	(7,162)	(7,162)
	$ (170,243)	$ (130,526)	$ (300,769)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30, 2017, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate	
Measurement Date	3.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.98 percent, net of plan investment expense, including price inflation
Medical Trend Assumption	
Medicare	5.50 percent - 5.00 percent
Pre-Medicare	7.50 percent - 5.00 percent

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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 discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63 percent) and higher (4.63 percent) than the current discount rate (3.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5 percent decreasing to 4.0 percent) and higher (8.5 percent decreasing to 6.0 percent) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Career Center's Proportionate Share of the Net OPEB Liability	$ 2,190,798	$ 1,814,134	$ 1,515,720

	1% Decrease	Current Trend Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Liability	$ 1,472,034	$ 1,814,134	$ 2,266,909

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6.00 percent to 11.00 percent, initial, 4.50 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2017, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements was extended to January 2020.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
	100.00 %	

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be sufficient to make all projected future benefit payments of current plan members. The OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2037. Therefore, the long-term expected rate of return on OPEB plan assets was used to determine the present value of the projected benefit payments through the fiscal year ending June 30, 2036 and the Bond Buyer 20-year municipal bond rate of 3.58 percent as of June 30, 2017 (i.e. municipal bond rate), was used to determine the present value of the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017. A blended discount rate of 3.26 percent which represents the long term expected rate of return of 7.75 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 2.85 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2016.

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability as of June 30, 2017, calculated using the current period discount rate assumption of 4.13 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13 percent) or one percentage point higher (5.13 percent) than the current assumption. Also shown is the net OPEB liability as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Career Center's Proportionate Share of the Net OPEB Liability	$ 2,748,726	$ 2,047,493	$ 1,493,289

	1% Decrease	Current Trend Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Liability	$ 1,422,510	$ 2,047,493	$ 2,870,043

NOTE 14 – OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 5 to 20 days of vacation per year, depending upon length of service. The Superintendent and Treasurer are entitled up to 30 days of vacation per year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Teachers may accumulate sick leave up to a maximum of 240 days. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of 60 days. Administrators and classified employees may accumulate sick leave up to a maximum of 240 days and upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of 60 days.

B. Health Care Benefits

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

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NOTE 15 – LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term obligations during fiscal year 2018 were as follows:

	Restated Outstanding Balance 06/30/2017	Additions	Deductions	Outstanding Balance 06/30/2018	Amount Due Within One Year
Governmental Activities:					
General Obligations Bonds:					
Various Purpose School Improvement Refunding Bonds, Series 2017					
Serial Bonds	$ 0	$ 19,320,000	$ 0	$ 19,320,000	$ 265,000
Term Bonds	0	9,680,000	0	9,680,000	0
Premium	0	3,606,758	(75,141)	3,531,617	0
2014 Ohio School Facilities Commission Bonds					
Serial Bonds	10,055,000	0	(9,670,000)	385,000	0
Term Bonds	19,435,000	0	(19,435,000)	0	0
Capital Appreciation Bonds	185,000	0	(50,000)	135,000	55,000
Capital Appreciation Bonds Accretion	461,934	203,402	(165,000)	500,336	207,500
Premium	616,347	0	(616,347)	0	0
Total General Obligation Bonds	30,753,281	32,810,160	(30,011,488)	33,551,953	527,500
Other Long-Term Obligations:					
Net Pension Liability	18,176,389	0	(5,499,555)	12,676,834	0
Net OPEB Liability	3,785,905	0	(783,170)	3,002,735	0
Compensated Absences	566,540	59,796	0	626,336	132,442
Total General Long-Term Obligations	$ 53,282,115	$ 32,869,956	$ (36,294,213)	$ 49,857,858	$ 659,942
Business-Type Activities:					
Other Long-Term Obligations:					
Net Pension Liability	$ 4,480,289	$ 0	$ (481,355)	$ 3,998,934	$ 0
Net OPEB Liability	922,673	0	(63,781)	858,892	0
Compensated Absences	102,815	34,471	0	137,286	18,014
Total General Long-Term Obligations	$ 5,505,777	$ 34,471	$ (545,136)	$ 4,995,112	$ 18,014

Compensated absences will be paid from the General Fund, Food Service and Adult Basic and Literacy Education special revenue funds, and the Adult Education enterprise fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and adult education fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

2014 Ohio Schools Facilities Commission General Obligation Bonds

In fiscal year 2014, the Career Center issued general obligation bonds, in the original amount of $30,000,000, for constructing and improving new facilities. The bond issue consisted of serial, term, and capital appreciation bonds, in the original amount of $10,380,000, $19,435,000, and $185,000, respectively. The bonds were issued for a thirty year period, with final maturing in fiscal year 2044. The bonds are being retired from the Bond Retirement debt service fund with property tax revenues. These bonds were partially refunded during fiscal year 2018. As of June 30, 2018, $385,000 of the defeased debt is outstanding.

Various Purpose School Improvement Refunding Bonds, Series 2017

On December 27, 2017, the Career Center issued $29,000,000 in refunding bonds. The proceeds of the bonds were used to refund $29,105,000 of the Career Center's outstanding 2014 Ohio Schools Facilities Commission General Obligation Bonds. This refunding bond was issued with a premium of $3,606,758, which is reported as an increase to bonds payable. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of $2,705,747. The amounts are being amortized as interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of $3,521,485. The issuance resulted in an economic gain of $3,682,998.

The serial bonds totaling $29,000,000 were issued with varying interest rates of 3.00 percent to 5.00 percent and will mature December 1, 2041. The term bonds were issued with interest rates of 4.00 percent to 5.00 percent.

The bonds maturing on or after December 1, 2036, are subject to optional redemption prior to maturity on any date on or after December 1, 2027. The term bonds maturing December 1, 2039 and December 1, 2041 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 of the years shown in the following schedules:

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

Fiscal Year	General Obligation Bonds		Capital Appreciation Bonds		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 265,000	$ 1,298,925	$ 55,000	$ 245,000	$ 320,000	$ 1,543,925
2020	180,000	1,292,250	45,000	280,000	225,000	1,572,250
2021	185,000	1,285,850	35,000	325,000	220,000	1,610,850
2022	580,000	1,268,625	0	0	580,000	1,268,625
2023	650,000	1,238,850	0	0	650,000	1,238,850
2024-2028	4,265,000	5,616,125	0	0	4,265,000	5,616,125
2029-2033	6,480,000	4,286,000	0	0	6,480,000	4,286,000
2034-2038	9,155,000	2,615,575	0	0	9,155,000	2,615,575
2039-2041	7,625,000	609,750	0	0	7,625,000	609,750
	$ 29,385,000	$ 19,511,950	$ 135,000	$ 850,000	$ 29,520,000	$ 20,361,950

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

NOTE 16 – SET-ASIDES

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2018.

	Capital Improvement Reserve
Set-aside Reserve Balance as of June 30, 2017	$ 0
Current Year Set Aside Requirement	154,082
Current Year Offsets	(707,923)
Total	$ (553,841)
Balance Carried Forward to Fiscal Year 2019	$ 0
Set Aside Reserve Balance as of June 30, 2018	$ 0

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NOTE 17 – FUND BALANCE

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

	General	Bond Retirement	Other Governmental Funds	Total
Nonspendable for:				
Prepaid Items	$ 80,447	$ 0	$ 1,326	$ 81,773
Restricted for:				
Debt Service	0	1,068,596	0	1,068,596
Capital Projects	0	0	2,000,645	2,000,645
Other Purposes	0	0	1,707,631	1,707,631
Total Restricted	0	1,068,596	3,708,276	4,776,872
Committed for:				
Termination Benefits	300,000	0	0	300,000
Assigned for:				
Instruction	1,362	0	0	1,362
Support Services	63,555	0	0	63,555
Other Purposes	13,687	0	443,948	457,635
Total Assigned	78,604	0	443,948	522,552
Unassigned	9,915,923	0	0	9,915,923
Total Fund Balance	$ 10,374,974	$ 1,068,596	$ 4,153,550	$ 15,597,120

NOTE 18 – JOINTLY GOVERNED ORGANIZATION

The Career Center is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2018, the Career Center paid $47,724 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 4277 East Road Elida, Ohio 45807.

NOTE 19 – INSURANCE POOLS

A. Schools of Ohio Risk Sharing Authority

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

B. Allen County Schools Health Benefits Plan

The Career Center participates in the Allen County Schools Health Benefits Plan (Plan), a public entity shared risk pool consisting of the School Districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 401(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Schools Health Benefits Plan, 1920 Slabtown Road, Lima, Ohio 45801.

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

The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The OASBO Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials, as an insurance purchasing pool. The Plan's business and affairs are conducted by a 5 member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

NOTE 20 – CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2018.

B. School Foundation

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Career Center.

C. Litigation

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

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Apollo Career Center
Allen County, Ohio
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years (1)

	2018	2017	2016	2015	2014
School Employees Retirement System (SERS)					
Career Center's Proportion of the Net Pension Liability	0.07045510%	0.06974040%	0.06877640%	0.06712200%	0.06712200%
Career Center's Proportionate Share of the Net Pension Liability	$ 4,209,537	$ 5,104,353	$ 3,924,448	$ 3,397,006	$ 3,991,530
Career Center's Covered Payroll	$ 2,247,607	$ 2,157,293	$ 2,027,700	$ 1,860,527	$ 1,810,860
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.29%	236.61%	193.54%	182.58%	220.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System (STRS)					
Career Center's Proportion of the Net Pension Liability	0.05247787%	0.05243724%	0.05733057%	0.05795130%	0.05795130%
Career Center's Proportionate Share of the Net Pension Liability	$ 12,466,231	$ 17,552,325	$ 15,844,493	$ 14,095,762	$ 16,790,779
Career Center's Covered Payroll	$ 5,828,686	$ 5,696,779	$ 5,916,821	$ 5,907,100	$ 5,819,631
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	213.88%	308.11%	267.79%	238.62%	288.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Apollo Career Center
Allen County, Ohio
Required Supplementary Information
Schedule of the Career Center's Contributions - Pension
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 295,400	$ 314,665	$ 302,021	$ 267,251
Contributions in Relation to the Contractually Required Contribution	(295,400)	(314,665)	(302,021)	(267,251)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Career Center's Covered Payroll	$ 2,188,148	$ 2,247,607	$ 2,157,293	$ 2,027,700
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 876,041	$ 816,016	$ 797,549	$ 828,355
Contributions in Relation to the Contractually Required Contribution	(876,041)	(816,016)	(797,549)	(828,355)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Career Center's Covered Payroll	$ 6,257,436	$ 5,828,686	$ 5,696,779	$ 5,916,821
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

2014	2013	2012	2011	2010	2009
$ 257,869	$ 250,623	$ 237,206	$ 241,612	$ 248,435	$ 189,540
(257,869)	(250,623)	(237,206)	(241,612)	(248,435)	(189,540)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,860,527	$ 1,810,860	$ 1,763,614	$ 1,922,134	$ 1,834,820	$ 1,926,216
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$ 767,923	$ 756,552	$ 740,148	$ 706,568	$ 831,362	$ 812,258
(767,923)	(756,552)	(740,148)	(706,568)	(831,362)	(812,258)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,907,100	$ 5,819,631	$ 5,693,446	$ 5,435,138	$ 6,395,092	$ 6,248,138
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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Apollo Career Center
Allen County, Ohio
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net OPEB Liability
Last Two Fiscal Years (1)

	2018	2017
School Employees Retirement System (SERS)		
Career Center's Proportion of the Net OPEB Liability	0.06759730%	0.06680609%
Career Center's Proportionate Share of the Net OPEB Liability	$ 1,814,134	$ 1,904,221
Career Center's Covered Payroll	$ 2,247,607	$ 2,157,293
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	80.71%	88.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%
State Teachers Retirement System (STRS)		
Career Center's Proportion of the Net OPEB Liability	0.05247787%	0.05243724%
Career Center's Proportionate Share of the Net OPEB Liability	$ 2,047,493	$ 2,804,357
Career Center's Covered Payroll	$ 5,828,686	$ 5,696,779
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.13%	49.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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Apollo Career Center
Allen County, Ohio
Required Supplementary Information
Schedule of the Career Center's Contributions - OPEB
Last Ten Fiscal Years

	2018	2017	2016	2015
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 33,636	$ 18,801	$ 17,208	$ 30,897
Contributions in Relation to the Contractually Required Contribution	(33,636)	(18,801)	(17,208)	(30,897)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Career Center's Covered Payroll	$ 2,188,148	$ 2,247,607	$ 2,157,293	$ 2,027,700
OPEB Contributions as a Percentage of Covered Payroll (1)	1.54%	0.84%	0.80%	1.52%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
Career Center's Covered Payroll	$ 6,257,436	$ 5,828,686	$ 5,696,779	$ 5,916,821
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2014		2013		2012		2011		2010		2009	
$	36,995	$	36,822	$	58,727	$	74,895	$	60,464	$	122,205
	(36,995)		(36,822)		(58,727)		(74,895)		(60,464)		(122,205)
$	0	$	0	$	0	$	0	$	0	$	0
$	1,860,527	$	1,810,860	$	1,763,614	$	1,922,134	$	1,834,820	$	1,926,216
	1.99%		2.03%		3.33%		3.90%		3.30%		6.34%
$	59,071	$	58,196	$	56,934	$	54,351	$	63,951	$	62,481
	(59,071)		(58,196)		(56,934)		(54,351)		(63,951)		(62,481)
$	0	$	0	$	0	$	0	$	0	$	0
$	5,907,100	$	5,819,631	$	5,693,446	$	5,435,138	$	6,395,092	$	6,248,138
	1.00%		1.00%		1.00%		1.00%		1.00%		1.00%

Note 1 - Net Pension Liability

Changes in Assumptions - SERS

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

Effective for fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Note 2 - Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

APOLLO CAREER CENTER
ALLEN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	N/A	2,693
National School Lunch Program	10.555	N/A	19,745
Cash Assistance:			
School Breakfast Program	10.553	N/A	16,579
National School Lunch Program	10.555	N/A	134,972
Total Child Nutrition Cluster			
Total U.S. Department of Agriculture			**173,989**
U.S. DEPARTMENT OF EDUCATION			
(Direct Program)			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	N/A	617,245
Federal Direct Student Loans	84.268	N/A	772,394
Total Student Financial Aid Cluster			1,389,639
(Passed through the Ohio Department of Higher Education)			
Adult Education - Basic Grants to States	84.002	N/A	213,140
(Passed through Ohio Department of Education)			
Career and Technical Education - Basic Grants to States - Adult	84.048	N/A	165,885
Career and Technical Education - Basic Grants to States	84.048	N/A	210,239
Total Career and Technical Education - Basic Grants to States			376,124
Total U.S. Department of Education			**1,978,903**
Total Expenditures of Federal Awards			**$2,152,892**

N/A - Pass through number not available.

The accompanying notes are an integral part of this schedule.

APOLLO CAREER CENTER
ALLEN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Apollo Career Center (the Career Center's) under programs of the federal government for the fiscal year ended June 30, 2018. 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE F - MATCHING REQUIREMENTS

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

Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Apollo Career Center, Allen County, (the Career Center) as of and for the year ended June 30, 2018, 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 21, 2018, wherein we noted the Career Center adopted Governmental Accounting Standards Board (GASB) Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits other than Pensions.*

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

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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*.

Career Center's Response to Finding

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Apollo Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Apollo Career Center's major federal program for the fiscal year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Career Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Apollo Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2018.

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Report on Internal Control Over Compliance

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

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

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

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

Dave Yost
Auditor of State
Columbus, Ohio

December 21, 2018

APOLLO CAREER CENTER
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 C.F.R. § 200.515
JUNE 30, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 C.F.R. § 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 C.F.R. § 200.520?**	Yes

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

FINDING NUMBER 2018-001

Material Weakness – Accuracy of Financial Reporting

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

FINDING NUMBER 2018-001
(Continued)

The following error was identified in the financial statements and corrected in the accompanying basic financial statements:

- Accounts Receivable and the related Miscellaneous Revenue, in the amount of $212,152, was not recorded for the sale of the student built house. The sale to the buyer was approved by the Board of Education in the Minutes dated June 25, 2018. As a result, assets were understated for Governmental Activities on the Statement of Net Position and for the Other Governmental Funds on the Balance Sheet for Governmental Funds. Revenues were understated for Governmental Activities on the Statement of Activities and for Other Governmental Funds on the Statement of Revenues, Expenditures and Changes in Fund Balances.

Other recording errors that were not material to the financial statements were identified but not adjusted in the basic financial statements.

Errors in the financial statements and/or accounting records not only inhibit the ability of the users to understand the financial activity and balances, but also may result in the material misstatement of the financial statements.

The accounting records and the annual financial statements should be reviewed for errors and omissions prior to filing the financial statements with the Auditor of State.

OFFICIALS' RESPONSE: The above identified accounting error was identified during the GAAP conversion but was mistakenly missed in the final compilation. Corrective action will be taken to decrease the risk of error in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS'

None.

Apollo CAREER CENTER

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

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Adult Office 419.998.2999 • Fax 419.998.2994

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	Future GAAP conversions will be checked to ensure material errors do not occur.	6/30/19	Maria Rellinger, Treasurer/CFO

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OHIO AUDITOR OF STATE
KEITH FABER

APOLLO CAREER CENTER

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 15, 2019