Collins Career Center
Lawrence County
Single Audit
For the Fiscal Year Ended June 30, 2018

Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

We have reviewed the *Independent Auditor's Report* of the Collins Career Center, Lawrence County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2017 through June 30, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

January 24, 2019

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Collins Career Center
Lawrence County
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Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collins Career Center, Lawrence County, Ohio (the Center), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Collins Career Center, Lawrence County, Ohio, as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparison for the General, Adult Education, and Pell Grant Funds thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 20 to the financial statements, during fiscal year 2018, the Center adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". The 2018 financial statements have been restated due to this implementation. 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 that the management's discussion and analysis, the schedule of the Center's proportionate share of the net pension/OPEB liability, and the schedule of the Center contributions on pages 4 through 11 and 57-60, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements The schedule of federal awards expenditures, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

December 14, 2018

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

Financial Highlights

Key financial highlights for the fiscal year 2018 are as follows:

- Net position of governmental activities increased $6,381,998.

- General revenues accounted for $7,446,759 or 43% of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for $10,045,995 or 57% of total revenues of $17,492,754.

- The Center had $11,110,756 in expenses related to governmental activities; $10,045,995 of these expenses was offset by program specific charges for services and sales, grants, contributions, and interest. General revenues and beginning net position were adequate to provide for the rest of these programs.

Using this Annual Financial Report

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

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

Reporting the Center as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the Center to provide programs and activities for students, the view of the 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, liabilities, and deferred inflows and outflows 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 Center's net position and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, all of the Center's activities are reported as governmental activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major funds begins on page 9. Fund financial statements provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund, adult education special revenue fund, pell grant special revenue fund, and permanent improvement capital projects fund.

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

Fiduciary Funds The Center accounts for resources held for the benefit of parties outside the Center as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Center's own programs. The Center uses accrual accounting for fiduciary funds.

The Center as a Whole

Recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2018 compared to 2017.

Table 1
Net Position

	2018	2017*
Assets		
Current and Other Assets	$3,909,025	$4,429,200
Capital Assets, Net	26,326,282	26,905,822
Total Assets	30,235,307	31,335,022
Deferred Outflows of Resources	5,570,686	4,797,183
Liabilities		
Current and Other Liabilities	1,273,330	1,244,677
Long-Term Liabilities	23,875,299	31,471,986
Total Liabilities	25,148,629	32,716,663
Deferred Inflows of Resources	3,715,449	2,855,625
Net Position		
Net Investment in Capital Assets	21,705,949	21,616,697
Restricted	546,868	729,317
Unrestricted (Deficit)	(15,310,902)	(21,786,097)
Total Net Position	$6,941,915	$559,917

*As restated. See note 20 of the notes to the basic financial statements for more information.

Current and other assets decreased between years due primarily to decreases in cash and cash equivalents and property taxes receivable. Cash and cash equivalents decreased due to expenses in excess of revenues. Property taxes receivable decreased between years due to a decrease in estimates for property taxes to be collected in fiscal year 2019 compared to the prior year. Capital assets decreased due to depreciation in excess of additions for building improvements to the adult education facility and the high school. Deferred outflows of resources increased due to the increase in amounts related to the Center's proportionate share of the state-wide net pension and OPEB liabilities. Current and other liabilities increased slightly between years due to an increase in accrued wages and benefits payable that was partially offset by a decrease in intergovernmental payable. Long-term liabilities decreased due to a decrease in net pension and OPEB liability estimates and regular debt payments. Deferred inflows of resources increased due to the increase in amounts related to the Center's proportionate share of the state-wide net pension and OPEB liabilities.

The net pension liability (NPL) is the largest single liability reported by the 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 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 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 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 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 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 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 $4,452,837 to $409,917. There was an additional restatement in beginning balance for the correction of errors in the amount of $150,000, resulting in a restated net position of $559,917.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2018, and comparisons to fiscal year 2017.

Table 2
Change in Net Position

	2018	2017*
Revenues		
Program Revenues		
Charges for Services and Sales	$3,954,174	$3,380,037
Operating Grants, Contributions and Interest	6,087,049	5,635,385
Capital Grants, Contributions and Interest	4,772	5,497
Total Program Revenues	10,045,995	9,020,919
General Revenues		
Property Taxes	2,815,032	2,597,803
Grants and Entitlements	4,077,645	4,020,357
Miscellaneous	554,082	296,688
Total General Revenues	7,446,759	6,914,848
Total Revenues	17,492,754	15,935,767

Table 2
Change in Net Position
(Continued)

	2018	2017*
Expenses		
Instruction		
Regular	$42,605	$195,803
Vocational	3,700,206	7,354,541
Adult/Continuing	2,246,694	3,477,223
Support Services		
Pupils	398,348	608,579
Instructional Staff	38,785	34,908
Board of Education	101,753	100,528
Administration	376,590	1,598,035
Fiscal	789,825	1,045,254
Business	5,126	0
Operation and Maintenance of Plant	865,049	1,191,364
Central	88,956	221,265
Operation of Non-Instructional Services	2,120,764	1,829,403
Extracurricular Activities	16,210	19,348
Interest and Fiscal Charges	319,845	356,504
Total Expenses	11,110,756	18,032,755
Change in Net Position	6,381,998	(2,096,988)
Net Position Beginning of Year	559,917	N/A
Net Position End of Year	$6,941,915	$559,917

*As restated. See note 20 of the notes to the basic financial statements for more information.

The statement of activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Charges for services and sales increased due to an increase in enrollment in the adult education program. Operating grants, contributions and interest increased due to an increase in funding for the adult education program. General revenues increased due to an increase in miscellaneous revenues resulting from an administrative reimbursement from a prior year.

Most expense functions decreased as a result of a negative pension/OPEB expense recognized for the year in the amount of $5,563,098. These expenses are primarily comprised of actuarially determined amounts reported to the individual employers by the retirement systems. Excluding changes for these negative expenses, vocational instruction increased due to increases in personnel costs, as did adult/continuing instruction resulting from increased activity for the adult education program. Administration support services decreased due to decreased personnel costs. Operation of non-instructional services also increased due to an increase in activity for the pell grant program.

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017*	Net Cost of Services 2017*
Expenses				
Instruction				
Regular	$42,605	($65,135)	$195,803	$26,558
Vocational	3,700,206	1,034,228	7,354,541	4,782,126
Adult/Continuing	2,246,694	(1,611,077)	3,477,223	268,209
Support Services				
Pupils	398,348	66,816	608,579	359,579
Instructional Staff	38,785	1,585	34,908	10,639
Board of Education	101,753	101,730	100,528	100,423
Administration	376,590	78,924	1,598,035	1,196,558
Fiscal	789,825	251,671	1,045,254	627,191
	5,126	5,125	0	0
Operation and Maintenance of Plant	865,049	814,050	1,191,364	1,145,722
Central	88,956	5,902	221,265	65,548
Operation of Non-Instructional Services	2,120,764	44,891	1,829,403	53,452
Extracurricular Activities	16,210	16,206	19,348	19,327
Interest and Fiscal Charges	319,845	319,845	356,504	356,504
Total Expenses	$11,110,756	$1,064,761	$18,032,755	$9,011,836

*As restated. See note 20 of the notes to the basic financial statements for more information.

28 percent of vocational instruction activities are supported through taxes and other general revenues for 2018, as compared to 66 percent for 2017, which is the direct result of recognition of negative pension/OPEB expenses.

The Center's Funds

The Center's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $17,966,094 and expenditures and other financing uses of $18,177,589.

General Fund – The general fund is the primary operating fund of the Center. At the end of 2018, unassigned fund balance was a deficit of $89,140, while total fund balance was a deficit of $79,815. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. The fund balance of the Center's general fund decreased $143,162 during the current fiscal year. Although revenues increased significantly between years, the increase was not significant enough to cover expenditures and transfers out. As a result, the general fund experienced this decrease in fund balance.

Adult Education Fund – The fund balance of the adult education fund at June 30, 2018 was $63,321, an increase of $150,879 from the prior year. This fund experienced an increase in revenues that outpaced the increase in expenditures, which resulted in an increase in fund balance.

Permanent Improvement Fund – The fund balance of the permanent improvement fund at June 30, 2018 was $416,976, a decrease of $147,035. Although revenues were consistent between years and expenditures decreased, this fund received bond proceeds in the prior year to offset the capital outlay spent that year. Plant expenditures, capital outlay, and debt service payments were higher than revenues in the current fiscal year, resulting in the decrease in fund balance.

Pell Grant Fund – The fund balance of the pell grant fund at June 30, 2018 was a deficit of $12,846, a decrease of $18,487. This decrease is due to expenditures in excess of revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2018, the Center amended its appropriations for expenditures and other financing uses by $2,028,608 due to extremely conservative budgeting at the beginning of the year and due to an increase for transfers. Estimated resources and other financing sources were amended by $1,046,946 from the original to the final budget due to an increase in expected miscellaneous revenues as well as for transfers in. The Center's ending unobligated general fund balance was $300,326.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the Center had $26,326,282 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2018 balances compared to 2017.

Table 4
Capital Assets
(Net of Depreciation)

	2018	2017
Land	$174,360	$174,360
Land Improvements	41,628	48,697
Buildings and Improvements	26,091,005	26,658,296
Furniture and Equipment	19,289	24,469
Totals	$26,326,282	$26,905,822

See note 9 for more information on capital assets.

Debt

At June 30, 2018, the Center had the following debt outstanding:

Table 5
Outstanding Debt at Fiscal Year End

	2018	2017*
School Improvement Bonds	$590,333	$789,125
Certificates of Participation	4,030,000	4,500,000
	$4,620,333	$5,289,125

*As restated. See note 20 of the notes to the basic financial statements for more information.

See note 14 for more information on debt.

Economic Factors

Collins Career Center is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Richard Sketel, Treasurer at Collins Career Center, 11627 State Route 243, Chesapeake, Ohio 45619.

Collins Career Center
Statement of Net Position
As of June 30, 2018

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$735,058
Materials and Supplies Inventory	4,248
Intergovernmental Receivable	209,434
Property Taxes Receivable	2,960,285
Nondepreciable Capital Assets	174,360
Depreciable Capital Assets, net	26,151,922
Total Assets	30,235,307
Deferred Outflows of Resources:	
Pension	5,430,662
OPEB	140,024
Total Deferred Outflows of Resources	5,570,686
Liabilities:	
Accounts Payable	163,375
Accrued Wages and Benefits Payable	730,575
Intergovernmental Payable	106,593
Accrued Interest Payable	23,914
Accrued Vacation Leave Payable	248,873
Long-Term Liabilities:	
Due Within One Year	619,515
Due in More Than One Year	4,519,410
Net Pension Liability	15,548,409
Net OPEB Liability	3,187,965
Total Liabilities	25,148,629
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	2,443,361
Pension	895,325
OPEB	376,763
Total Deferred Inflows of Resources	3,715,449
Net Position:	
Net Investment in Capital Assets	21,705,949
Restricted for Capital Outlay	451,171
Restricted for Other Purposes	95,697
Unrestricted (Deficit)	(15,310,902)
Total Net Position	$6,941,915

The notes to the basic financial statements are an integral part of this statement

Collins Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2018

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instruction:					
Regular	$42,605	$0	$107,740	$0	$65,135
Vocational	3,700,206	13,646	2,652,332	0	(1,034,228)
Adulting/Continuing	2,246,694	3,038,023	819,748	0	1,611,077
Support Services:					
Pupils	398,348	0	331,532	0	(66,816)
Instructional Staff	38,785	0	37,200	0	(1,585)
Board of Education	101,753	23	0	0	(101,730)
Administration	376,590	229,587	63,710	4,369	(78,924)
Fiscal	789,825	498,608	39,143	403	(251,671)
Business	5,126	1	0	0	(5,125)
Operation and Maintenance of Plant	865,049	40,448	10,551	0	(814,050)
Central	88,956	65,833	17,221	0	(5,902)
Operation of Non-Instructional Services	2,120,764	68,001	2,007,872	0	(44,891)
Extracurricular Activities	16,210	4	0	0	(16,206)
Interest and Fiscal Charges	319,845	0	0	0	(319,845)
Total Governmental Activities	$11,110,756	$3,954,174	$6,087,049	$4,772	(1,064,761)

General Revenues:	
Property Taxes Levied for:	
General Purposes	2,303,623
Capital Outlay	511,409
Grants and Entitlements not Restricted for Specific Programs	4,077,645
Miscellaneous	554,082
Total General Revenues	7,446,759
Change in Net Position	6,381,998
Net Position Beginning of Year-Restated	559,917
Net Position End of Year	$6,941,915

The notes to the basic financial statements are an integral part of this statement

Collins Career Center

Balance Sheet

Governmental Funds

As of June 30, 2018

	General Fund	Adult Education Fund	Permanent Improvement Fund	Pell Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	$100,104	$269,381	$355,201	$0	$10,372	$735,058
Materials and Supplies Inventory	0	0	0	0	4,248	4,248
Interfund Receivable	221,558	0	0	0	0	221,558
Intergovernmental Receivable	0	0	0	0	209,434	209,434
Property Taxes Receivable	2,455,005	0	505,280	0	0	2,960,285
Total Assets	$2,776,667	$269,381	$860,481	$0	$224,054	$4,130,583
Liabilities:						
Accounts Payable	$30,484	$85,497	$0	$0	$47,394	$163,375
Accrued Wages and Benefits Payable	570,486	97,792	0	0	62,297	730,575
Interfund Payable	0	0	0	12,846	208,712	221,558
Intergovernmental Payable	71,649	22,771	0	0	12,173	106,593
Total Liabilities	672,619	206,060	0	12,846	330,576	1,222,101
Deferred Inflows of Resources:						
Property Taxes not Levied to Finance Current Year Operations	2,034,051	0	409,310	0	0	2,443,361
Unavailable Revenue	149,812	0	34,195	0	58,165	242,172
Total Deferred Inflows of Resources	2,183,863	0	443,505	0	58,165	2,685,533
Fund Balances:						
Nonspendable	329	0	0	0	4,248	4,577
Restricted	0	63,321	416,976	0	9,067	489,364
Assigned	8,996	0	0	0	0	8,996
Unassigned (Deficit)	(89,140)	0	0	(12,846)	(178,002)	(279,988)
Total Fund Balances	(79,815)	63,321	416,976	(12,846)	(164,687)	222,949
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$2,776,667	$269,381	$860,481	$0	$224,054	$4,130,583

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
As of June 30, 2018

Total Governmental Fund Balances		$222,949
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.		26,326,282
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	184,007	
Grants	58,165	
Total		242,172
Accrued vacation leave payable is recognized for earned vacation benefits that are to be used within one year but are not recognized on the balance sheet until due.		(248,873)
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.		(23,914)
The net pension/OPEB liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	5,430,662	
Deferred Outflows-OPEB	140,024	
Deferred Inflows-Pension	(895,325)	
Deferred Inflows-OPEB	(376,763)	
Net Pension Liability	(15,548,409)	
Net OPEB Liability	(3,187,965)	
Total		(14,437,776)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Certificates of Participation	(4,030,000)	
General Obligation School Improvement Bonds	(590,333)	
Sick Leave Benefits Payable	(518,592)	
Total		(5,138,925)
Net Position of Governmental Activities		$6,941,915

The notes to the basic financial statements are an integral part of this statement

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

	General Fund	Adult Education Fund	Permanent Improvement Fund	Pell Grant Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	$2,329,112	$0	$517,224	$0	$0	$2,846,336
Intergovernmental	6,160,064	921,999	308,277	1,804,292	1,002,005	10,196,637
Interest	0	0	4,772	0	0	4,772
Tuition and Fees	792	3,524,236	0	0	0	3,525,028
Customer Sales and Services	360,923	222	0	0	68,001	429,146
Miscellaneous	392,438	158,437	0	0	3,207	554,082
Total Revenues	9,243,329	4,604,894	830,273	1,804,292	1,073,213	17,556,001
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	0	110,806	110,806
Vocational	6,622,681	1,317	0	0	335,497	6,959,495
Adult/Continuing	0	3,661,256	0	0	26,077	3,687,333
Support Services:						
Pupils	97,914	0	0	0	433,276	531,190
Instructional Staff	11,888	0	0	0	38,258	50,146
Board of Education	99,722	0	0	0	0	99,722
Administration	584,263	276,641	0	0	3,660	864,564
Fiscal	825,788	180,325	16,256	0	0	1,022,369
Business	5,126	0	0	0	0	5,126
Operation and Maintenance of Plant	683,970	48,606	90,739	0	218,685	1,042,000
Central	28,836	79,336	0	0	0	108,172
Operation of Non-Instructional Services	0	0	0	1,822,779	370,737	2,193,516
Extracurricular Activities	16,210	0	0	0	0	16,210
Capital Outlay	0	0	85,358	0	0	85,358
Debt Service:						
Principal	0	198,792	470,000	0	0	668,792
Interest	0	7,742	314,955	0	0	322,697
Total Expenditures	8,976,398	4,454,015	977,308	1,822,779	1,536,996	17,767,496
Excess of Revenues Over (Under) Expenditures	266,931	150,879	(147,035)	(18,487)	(463,783)	(211,495)
Other Financing Sources (Uses):						
Transfers In	0	0	0	0	410,093	410,093
Transfers Out	(410,093)	0	0	0	0	(410,093)
Total Other Financing Sources (Uses)	(410,093)	0	0	0	410,093	0
Net Change in Fund Balances	(143,162)	150,879	(147,035)	(18,487)	(53,690)	(211,495)
Fund Balance (Deficit) at Beginning of Year	63,347	(87,558)	564,011	5,641	(110,997)	434,444
Fund Balance (Deficit) at End of Year	($79,815)	$63,321	$416,976	($12,846)	($164,687)	$222,949

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center

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		($211,495)
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. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	85,358	
Current Year Depreciation	(664,898)	
Total		(579,540)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(31,304)	
Grants	(31,943)	
Total		(63,247)
Repayments of certificates of participation and bonds are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not result in an expense in the statement of activities.		668,792
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the statement of net position.		2,852
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		1,053,143
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		5,563,098
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	(942)	
Sick Leave Benefits Payable	(50,663)	
Total		(51,605)
Net Change in Net Position of Governmental Activities		$6,381,998

The notes to the basic financial statements are an integral part of this statement

Collins Career Center
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$2,492,631	$2,302,431	$2,302,431	$0
Intergovernmental	6,064,155	6,083,640	6,083,640	0
Tuition and Fees	10,000	792	792	0
Miscellaneous	85,000	184,492	184,492	0
Total Revenues	8,651,786	8,571,355	8,571,355	0
Expenditures:				
Current:				
Instruction:				
Vocational	6,548,778	6,317,118	6,317,118	0
Support Services:				
Pupils	0	105,028	105,028	0
Instructional Staff	5,000	11,888	11,888	0
Board of Education	89,645	96,678	96,678	0
Administration	489,782	599,922	599,922	0
Fiscal	424,147	375,294	375,294	0
Business	0	5,126	5,126	0
Operation and Maintenance of Plant	265,399	703,502	703,502	0
Central	25,000	35,197	35,197	0
Total Expenditures	7,847,751	8,249,753	8,249,753	0
Excess of Revenues Over Expenditures	804,035	321,602	321,602	0
Other Financing Sources (Uses):				
Transfers In	0	1,127,377	1,127,377	0
Transfers Out	0	(1,626,606)	(1,626,606)	0
Total Other Financing Sources (Uses)	0	(499,229)	(499,229)	0
Net Change in Fund Balance	804,035	(177,627)	(177,627)	0
Fund Balance at Beginning of Year	477,953	477,953	477,953	0
Fund Balance at End of Year	$1,281,988	$300,326	$300,326	$0

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center

Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$910,963	$921,999	$921,999	$0
Tuition and Fees	3,603,375	3,524,236	3,524,236	0
Customer Sales and Services	0	222	222	0
Miscellaneous	40,420	158,437	158,437	0
Total Revenues	4,554,758	4,604,894	4,604,894	0
Expenditures:				
Current:				
Instruction:				
Vocational	0	1,317	1,317	0
Adult/Continuing	3,242,224	3,773,517	3,773,517	0
Support Services:				
Administration	347,531	278,343	278,343	0
Fiscal	182,786	185,893	185,893	0
Operation and Maintenance of Plant	44,061	48,491	48,491	0
Central	187,734	96,610	96,610	0
Total Expenditures	4,004,336	4,384,171	4,384,171	0
Net Change in Fund Balance	550,422	220,723	220,723	0
Fund Balance at Beginning of Year	48,658	48,658	48,658	0
Fund Balance at End of Year	$599,080	$269,381	$269,381	$0

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
Pell Grant Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$1,500,000	$1,804,292	$1,804,292	$0
Total Revenues	1,500,000	1,804,292	1,804,292	0
Expenditures:				
Current:				
Operation of Non-Instructional Services	1,500,000	1,822,779	1,822,779	0
Total Expenditures	1,500,000	1,822,779	1,822,779	0
Net Change in Fund Balance	0	(18,487)	(18,487)	0
Fund Balance at Beginning of Year	5,641	5,641	5,641	0
Fund Balance at End of Year	$5,641	($12,846)	($12,846)	$0

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center
Statement of Assets and Liabilities
Agency Funds
As of June 30, 2018

Assets:	
Equity in Pooled Cash and Cash Equivalents	$472
Total Assets	$472
Liabilities:	
Undistributed Monies	$472
Total Liabilities	$472

The notes to the basic financial statements are an integral part of this statement.

Note 1 - Description of the Center and Reporting Entity

Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of two members of the Lawrence County Educational Service Center Board of Education, two members from the Ironton City School District Board of Education, and one member from the Chesapeake Union Exempted Village School District Board of Education, which possesses its own budgeting and taxing authority. The Center exposes students to job training, leading to employment upon graduation from high school.

The Center is staffed by 30 classified employees, 105 certificated full-time teaching personnel, and 16 administrative employees who provide services to 563 students and other community members. The Center currently operates one instructional building.

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

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

The Center participates in five organizations, three of which are defined as jointly governed organizations and two as insurance purchasing pools. The jointly governed organizations are South Central Ohio Computer Association Regional Council of Governments, META Solutions, and the Coalition of Rural and Appalachian Schools. The insurance purchasing pools are the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Lawrence County Schools Council of Governments Health Benefits Program. These organizations are presented in notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the stand-alone government, except for the fiduciary funds. The statements usually distinguish between those activities of the Center that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The Center, however, has no business-type activities.

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

Fund Financial Statements During the fiscal year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental 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.

Fund Accounting

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

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

> *General Fund* The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose, provided it is expended or transferred according to the general laws of Ohio.
>
> *Adult Education Fund* The adult education special revenue fund is used to account for transactions made in connection with adult education classes. Revenues include, but are not limited to, tuition from patrons and students and reimbursements from the State Department of Education. Expenditures include supplies, salaries, and textbooks.
>
> *Permanent Improvement Fund* The permanent improvement capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving of permanent improvements as authorized by Chapter 5705, Revised Code.
>
> *Pell Grant Fund* The pell grant special revenue fund is used to administer the pell grant program. The federal pell grant program provides need-based grants to low-income undergraduate and certain postbaccalaureate students to promote access to postsecondary education.

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

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

Measurement Focus

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

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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

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

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

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

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. The Center reports deferred outflows of resources in the government-wide statement of net position for amounts related to pensions and other postemployment benefits, which will be further discussed 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 as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, unavailable revenue, and amounts related to pensions and other postemployment benefits. 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 the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as a deferred inflow of resources in the period the amounts become available. Amounts related to pensions and other postemployment benefits are reported only in the government-wide statement of net position and will be further discussed in notes 12 and 13.

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

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

Cash and Cash Equivalents

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

During fiscal year 2018, the Center had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. The Center's Board of Education has allocated interest earned on interim funds to the permanent improvement fund. Interest revenue credited to the permanent improvement fund during fiscal year 2018 amounted to $4,772.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The Center was able to estimate the historical cost for the initial reporting of certain assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acqusition values as of the date received. The Center maintains a capitalization threshold of two thousand five hundred dollars. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	30-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "accrued vacation leave payable", rather than long-term liabilities, as the balances are usually used by employees within the calendar year earned. At the employee's request, any carry-over may be paid to the employee each year, or carried over and paid upon termination, up to an amount equal to the sum of the last three years' accruals.

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

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

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as 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 retirement benefits fund, which is reported as a part of the general fund for financial reporting purposes in accordance with generally accepted accounting principles. The Center reported no matured compensated absences payable at June 30, 2018.

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, net pension and OPEB liabilities, and 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. Certificates of participation and bonds that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

Interfund Activity

Transfers between governmental activities are eliminated. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments of interfund services provided and used are not eliminated.

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

Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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 are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislations (Board resolutions).

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Center's Board of Education. Those 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 the use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Center's Board of Education or a Center official delegated that authority by resolution or state statute.

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

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

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows and outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local, federal, and state grants restricted to expenditure for specified purposes. The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the Center's net position is restricted by enabling legislation.

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. The Center did not report either type of transaction for the year ended June 30, 2018.

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.

Budgetary Process

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over 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. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Pensions/OPEB

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position 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.

Note 3 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2018:

Major Funds:	
General	$79,815
Pell Grant	12,846
Nonmajor Funds:	
Food Service	19,524
Classroom Facilities Maintenance	32,019
Adult Basic Literacy	10,304
Vocational Education	28,805
Bond Retirement	83,102

The general fund is liable for the deficits in the special revenue and debt service funds and provides operating transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

While the Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statements of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) presented for the general fund and adult education and vocational major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under general accepted accounting principles and were reported with the general fund (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the major special revenue fund.

Net Change in Fund Balance

	General	Adult Education	Pell Grant
GAAP Basis	($143,162)	$150,879	($18,487)
Revenue Accruals	824,272	0	0
Expenditure Accruals	(895,271)	69,844	0
Perspective Differences	36,534	0	0
Budget Basis	($177,627)	$220,723	($18,487)

Note 5 - Fund Balances

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

Fund Balances	General	Adult Education	Permanent Improvement	Pell Grant	Other Governmental Funds	Total Governmental Funds
Nonspendable						
Unclaimed Monies	$329	$0	$0	$0	$0	$329
Inventory	0	0	0	0	4,248	4,248
Total	329	0	0	0	4,248	4,577
Restricted						
Adult Education	0	63,321	0	0	0	63,321
State Grants	0	0	0	0	9,046	9,046
Federal Grants	0	0	0	0	21	21
Capital Improvements	0	0	416,976	0	0	416,976
Total	0	63,321	416,976	0	9,067	489,364
Assigned						
Student Activities	8,996	0	0	0	0	8,996
Unassigned (Deficit)	(89,140)	0	0	(12,846)	(178,002)	(279,988)
Total	($79,815)	$63,321	$416,976	($12,846)	($164,687)	$222,949

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2018, the Center's bank balance of $1,016,394 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located within the boundaries of the Center. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed 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 semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien 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 currently is assessed at varying percentages of true value.

The Center receives property taxes from Lawrence County. The County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County 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 includes real property and public utility property taxes which were measurable as of June 30, 2018, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is 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.

The amount available as an advance at June 30, 2018 was $271,142 in the general fund and $61,775 in the permanent improvement capital projects fund.

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

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

	2017 Second-Half Collections		2018 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential Real Property	$795,438,610	65%	$794,673,220	65%
Commercial/Industrial Real Property	114,988,010	9%	113,954,650	9%
Public Utility Real & Personal Property	319,804,390	26%	322,868,860	26%
Total	$1,230,231,010	100%	$1,231,496,730	100%
Tax Rate per $1,000 as Assessed Valuation	$2.90		$2.90	

Note 8 - Receivables

Receivables at June 30, 2018 consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. All receivables, except for 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. A summary of principal items of intergovernmental receivables follows:

Nonmajor Fund:	
Perkins Adult Program	$119,845
Perkins Secondary Program	48,490
Adult Basic Literacy Education	22,403
Advanced Careers	10,000
Agriculture Education	8,696
Total	$209,434

Note 9 - Capital Assets

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

	Balance 6/30/17	Additions	Deletions	Balance 6/30/18
Capital Assets:				
Capital Assets Not Being Depreciated				
Land	$174,360	$0	$0	$174,360
Total Capital Assets Not Being Depreciated	174,360	0	0	174,360
Depreciable Capital Assets:				
Land Improvements	694,746	0	0	694,746
Buildings and Improvements	34,091,473	85,358	0	34,176,831
Furniture and Equipment	2,485,106	0	0	2,485,106
Vehicles	235,913	0	0	235,913
Total Capital Assets Being Depreciated	37,507,238	85,358	0	37,592,596
Accumulated Depreciation:				
Land Improvements	(646,049)	(7,069)	0	(653,118)
Buildings and Improvements	(7,433,177)	(652,649)	0	(8,085,826)
Furniture and Equipment	(2,460,637)	(5,180)	0	(2,465,817)
Vehicles	(235,913)	0	0	(235,913)
Total Accumulated Depreciation	(10,775,776)	(664,898)	0	(11,440,674)
Total Capital Assets Being Depreciated, Net	26,731,462	(579,540)	0	26,151,922
Total Capital Assets, Net	$26,905,822	($579,540)	$0	$26,326,282

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$2,794
Vocational	601,920
Adult/Continuing	32,305
Support Services:	
Board of Education	2,031
Administration	7,961
Fiscal	1,380
Operation and Maintenance of Plant	9,413
Central	4,491
Operation of Non-Instructional Services	2,603
Total Depreciation Expense	$664,898

Note 10 - Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center contracted with Catlin Indemnity Company for automobile and property coverage and commercial umbrella liability coverage for fiscal year 2018.

The types and amounts of coverage are as follows:

General Liability:	
Each Occurrence	$1,000,000
Damage to Rented Premises	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal Injury	1,000,000
Excess Liability:	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000
Employee Benefits Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Building and Business Personal Property Coverage ($1,000 deductible)	30,065,553
Automobile Liability ($500 deductible)	1,000,000

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

Worker's Compensation

For fiscal year 2018, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws.

Non-teaching employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Administrative personnel earn twenty days of vacation per fiscal year. Maximum days accrued shall not exceed 60 days. Accumulated, unused vacation time is paid to non-teaching employees and administrative personnel upon termination of employment not to exceed the amount accrued within three years before the date of separation. Teaching employees, part-time employees and employees employed for less than 12 months do not earn vacation time.

Teaching employees, administrative personnel and non-teaching employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulates to a maximum of 295 days for all employees. Teaching employees upon retirement who have taught 10 or more years in Collins Career Center are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Administrative personnel and non-teaching employees are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Teaching employees, administrative personnel and non-teaching employees who have been employed in the Center for 10 years or more, upon retirement, and have accrued unused sick leave credit of 200 days or more shall be paid an attendance bonus of an additional 10 days above the maximum of 50 days and shall receive an extra bonus of one additional day for each year of service after the tenth year of service.

Life Insurance and Health Care Benefits

The Center provides life insurance and accidental death and dismemberment insurance to all classified and full-time administrative employees through The Guardian in the amount of $40,000.

Health insurance is provided by Anthem Blue Cross/Blue Shield. The Center offers two options. For option 1, premiums for this coverage are $1,725.17 for family coverage and $763.93 for single coverage per month. The Center pays 80% of the family coverage premium and 87.5% of the single coverage premium. For option 2, premiums for this coverage are $1,317.67 for family coverage and $583.48 for single coverage per month. The Center pays 80% of the family coverage premium and 87.5% of the single coverage premium.

Vision insurance is provided by The Guardian. Premiums for this coverage are $8.23 single and family coverage per month. The Center pays 100% of the premium for single plans and 46.5% of the premium for family plans.

Dental insurance is provided by The Guardian. Premiums for this coverage are $20.08 single and family coverage per month. The Center pays 100% of the premium for single plans and 27.5% of the premium for family plans.

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment

(COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The Center's contractually required contributions to SERS were $158,703 for fiscal year 2018.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or 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 services. 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, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contributions to STRS were $879,379 for fiscal year 2018.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.04397680%	0.05509582%	
Proportion of the Net Pension Liability Current Measurement Date	0.03963720%	0.05548329%	
Change in Proportionate Share	-0.00433960%	0.00038747%	
Proportionate Share of the Net Pension Liability	$2,368,235	$13,180,174	$15,548,409
Pension Expense	($21,376)	($4,938,567)	($4,959,943)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$101,919	$508,955	$610,874
Changes of assumptions	122,462	2,882,649	3,005,111
Changes in proportion and differences between Center contributions and proportionate share of contributions	188,379	588,216	776,595
Center contributions subsequent to the measurement date	158,703	879,379	1,038,082
Total Deferred Outflows of Resources	$571,463	$4,859,199	$5,430,662
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$106,227	$106,227
Net difference between projected and actual earnings on pension plan investments	11,242	434,961	446,203
Changes in proportion and differences between Center contributions and proportionate share of contributions	214,127	128,768	342,895
Total Deferred Inflows of Resources	$225,369	$669,956	$895,325

$1,038,082 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	$158,906	$721,776	$880,682
2020	105,991	1,333,601	1,439,592
2021	(33,621)	1,013,392	979,771
2022	(43,885)	241,095	197,210
Total	$187,391	$3,309,864	$3,497,255

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2017, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Prior to 2017, an assumption of 3 percent was used for COLA or Ad Hoc COLA.

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among 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 disable 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 most recent experience study was for the five-year period ended June 30, 2015.

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

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 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 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 (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Center's proportionate share of the net pension liability	$3,286,495	$2,368,235	$1,599,005

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2017 actuarial valuation, compared with July 1, 2016 are presented below:

	July 1, 2017	July 1, 2016
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For the July 1, 2017, actuarial valuation, 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.

For the July 1, 2016 actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the July 1, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016. Actuarial assumptions used in the June 30, 2016 valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	Long-Term Expected 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 %	

*10 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 discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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 payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net pension liability	$18,893,332	$13,180,174	$8,367,696

Note 13 - Postemployment Benefits

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 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 Center's obligation for this liability to annually required payments. The Center cannot control benefit terms or the manner in which OPEB are financed; however, the 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 the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 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, 0.5 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 Center's surcharge obligation was $9,183.

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 Center's contractually required contribution to SERS was $15,061 for fiscal year 2018.

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 Center's proportion of the net OPEB liability was based on the 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			
Prior Measurement Date	0.04397680%	0.05509582%	
Proportion of the Net OPEB Liability			
Current Measurement Date	0.03812640%	0.05548329%	
Change in Proportionate Share	-0.00585040%	0.00038747%	
Proportionate Share of the Net			
OPEB Liability	$1,023,212	$2,164,753	$3,187,965
OPEB Expense	$57,412	($660,567)	($603,155)

At June 30, 2018, the 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	$124,963	$124,963
Center contributions subsequent to the measurement date	15,061	0	15,061
Total Deferred Outflows of Resources	$15,061	$124,963	$140,024
Deferred Inflows of Resources			
Changes of assumptions	$97,098	$174,378	$271,476
Net difference between projected and actual earnings on OPEB plan investments	2,702	92,526	95,228
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	10,059	0	10,059
Total Deferred Inflows of Resources	$109,859	$266,904	$376,763

$15,061 reported as deferred outflows of resources related to OPEB resulting from 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	($39,500)	($31,368)	($70,868)
2020	(39,500)	(31,368)	(70,868)
2021	(30,185)	(31,368)	(61,553)
2022	(674)	(31,366)	(32,040)
2023	0	(8,236)	(8,236)
Thereafter	0	(8,235)	(8,235)
Total	($109,859)	($141,941)	($251,800)

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 investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 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 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%) and higher (4.63%) than the current discount rate (3.63%). 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% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Center's proportionate share of the net OPEB liability	$1,235,659	$1,023,212	$854,900

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
Center's proportionate share of the net OPEB liability	$830,260	$1,023,212	$1,278,588

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 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 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 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 %	

*10 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 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%)
Center's proportionate share of the net OPEB liability	$2,906,146	$2,164,753	$1,578,810

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$1,503,978	$2,164,753	$3,034,411

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/17*	Additions	Reductions	Principal Outstanding 6/30/18	Amount Due Within One Year
Governmental Activities					
GO School Improvement Bonds					
2016-2.25%	$789,125	$0	($198,792)	$590,333	$101,004
OSCB COPs 2010 Series B-7.02%	4,500,000	0	(470,000)	4,030,000	480,000
Total	5,289,125	0	(668,792)	4,620,333	581,004
Sick Leave Benefits	467,929	289,991	(239,328)	518,592	38,511
Net Pension Liability	21,660,928	0	(6,112,519)	15,548,409	0
Net OPEB Liability	4,054,004	0	(866,039)	3,187,965	0
Total Long-Term Liabilities	$31,471,986	$289,991	($7,886,678)	$23,875,299	$619,515

*As restated. See note 20 for additional information.

Sick leave benefits will be paid from the retirement benefits fund, which is reported as a part of the general fund for financial reporting purposes in accordance with generally accepted accounting principles. Obligations related to employee compensation will be paid from the fund benefitting from their service.

2016 General Obligation School Improvement Bonds On June 2, 2016, the Center issued $1,070,000 in school improvement bonds for the purpose of paying the costs of constructing and equipping a new adult education facility. As of June 30, 2018, only $1,035,733 of these proceeds have been drawn from the lending institution and the remaining amount has been foregone. The bond holds of 2.25 percent interest rate with a five-year term amortized over a ten-year period, resulting in a substantial balloon payment due in the fifth year. Interest payments are due June 1 and December 1 of each year beginning December 1, 2016. Principal payments are due annually on June 1. The bonds are paid from the adult education fund. The bond matures on June 1, 2021.

2010 Certificates of Participation On May 27, 2010, the Center issued $7,312,770 in Qualified School Construction Bonds Certificates of Participation (QSCB COPs) for use in upgrading existing facilities. The issuance included the local share of the Ohio School Facilities Vocational Facilities Assistance Program, as well as locally funded initiatives associated with this program. The COPs are paid from the permanent improvement fund. A summary of the COPs is as follows:

Series B – $5,747,770 COPs issued for use in upgrading existing facilities, as the local portion of the Ohio School Facilities Vocational Facilities Assistance Program. This portion of the debt included issuance costs of $106,553, which was expensed upon issuance. The Series B COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to PS&W Holding Company, Inc., and then subleased back to the Center. The COPs were issued through a series of annual leases with an initial lease term of one month which includes the right to renew for sixteen successive one-year terms through June 30, 2026, subject to annual appropriations. To satisfy the trustee requirements, the Center is required to make annual base rent payments for a period of sixteen years, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 7.02 percent. As part of the ARRA Act of 2009, issuers of QSCBs are eligible to receive direct payments from the federal government which offset interest payments on the bonds. As an alternate, QSCBs may be issued as tax credit bonds under which bond holders receive federal tax credits in lieu of interest as a means to significantly reduce the issuer's interest cost. The Center, under agreement with the federal government, has chosen to receive a thirty-five percent semi-annual direct payment from the federal government to help offset interest expense on the Series B QSCB COPs.

The Center has the option to purchase the project facilities on any lease payment date by paying the amount necessary to defease the indenture.

Annual base rent requirements to retire certificates of participation outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Series B Principal	Series B Interest	Series B ARRA Subsidy	Total
2019	$480,000	$266,058	($209,208)	$536,850
2020	485,000	232,187	(182,574)	534,613
2021	490,000	197,964	(155,664)	532,300
2022	500,000	163,215	(128,340)	534,875
2023	505,000	127,939	(100,602)	532,337
2024-2026	1,570,000	166,374	(130,824)	1,605,550
Total	$4,030,000	$1,153,737	($907,212)	$4,276,525

Annual base rent requirements to retire the school improvement bond outstanding at June 30, 2018 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$101,004	$13,282	$114,286
2020	103,277	11,010	114,287
2021	386,052	8,686	394,738
Total	$590,333	$32,978	$623,311

The overall debt margin of the Center as of June 30, 2018 was $105,964,363, with an unvoted debt margin of $1,231,497.

Note 15 - Interfund Balances and Transfers

During fiscal year 2018, the following operating transfers were made to subsidize the various programs of the Center:

	Transfers In	Transfers Out
Major Fund:		
General	$0	$410,093
Nonmajor Funds:		
Food Service	99,796	0
Classroom Facilities Maintenance	219,413	0
Post-Secondary Education	227	0
Career Development	29	0
Adult Basic Literacy Education	1,073	0
Vocational Education	82,608	0
Improving Teacher Quality	3,918	0
Miscellaneous Federal Grants	3,029	0
Total Nonmajor Funds	410,093	0
Total	$410,093	$410,093

Interfund receivables and payables at June 30, 2018 consist of the following individual balances, representing monies advanced to funds to be repaid when grant funds or other program revenues are received, and for services rendered by one fund for another:

	Interfund Receivable	Interfund Payable
Major Funds:		
General	$221,558	$0
Pell Grant	0	12,846
Nonmajor Funds:		
Bond Retirement	0	83,102
Career Development	0	1,526
Adult Basic Literacy	0	16,028
Vocational Education	0	108,056
Total Nonmajor Funds	0	208,712
Total	$221,558	$221,558

Note 16 - Jointly Governed Organizations

South Central Ohio Computer Association Regional Council of Governments – The Center is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. The Center paid SCOCARCoG $125,343 for services provided during the fiscal year. The Center made its last payment to SCOCARCoG in October 2017.

Metropolitan Educational Technology Association (META) Solutions – META Solutions is an educational solutions partner providing services across Ohio. META Solutions provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, an Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The Center paid META Solutions $25,555 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the Center and the Center does not maintain an equity interest in or a financial responsibility for the Coalition. The Center's membership fee was $325 for fiscal year 2018.

Note 17 - Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) - The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the plan. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

Lawrence County Schools Council of Governments Health Benefits Program - The Center participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a shared risk pool created pursuant to state statute for the purpose of administering health care benefits. The Council is governed by a Board of Directors, which consists of the superintendent from each participating school district. The Council elects officers for one-year terms to serve on the Board. The Board of Directors exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the Council. Each school district reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district will be distributed its net pooled share and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

Note 18 - Set Asides

The 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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.
The following cash basis information describes the change in the fiscal year end set aside amounts for capital improvements. Disclosure of this information is required by state statute.

	Capital Improvements
Set-Aside Balance as of June 30, 2017	$0
Current Year Set-Aside Requirement	105,194
Current Fiscal Year Offsets	(511,262)
Qualifying Disbursements	(78,015)
Total	($484,083)
Set-Aside Balance Carried Forward to Future Fiscal Years	$0
Set-Aside Balance as of June 30, 2018	$0

The Center had qualifying disbursements and offsets during the year that reduced the set-aside amount below zero in the capital maintenance set-aside. This extra amount may not be carried forward and used to reduce the set-aside requirements of future years.

Note 19 - Contingencies

Grants

The Center receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2018, if applicable, cannot be determined at this time.

Litigation

The Center is currently party to legal proceedings. However, it is the opinion of management that such proceedings will not have a material adverse effect, if any, on the Center's overall financial position.

State Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 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 Center.

Note 20 – New Accounting Pronouncements/Restatement of Beginning Net Position

For the fiscal year ended June 30, 2018, the Center was required to implement Governmental Accounting Standards Board Statements No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than

Pensions," No. 81, "Irrevocable Split-Interest Agreements," No. 85, "Omnibus 2017," and No. 86, "Certain Debt Extinguishment Issues."

GASB Statement No. 75 replaces the requirements of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions." Among other things, Statement No. 75 requires governments to report a liability on the face of the financial statements for the OPEB that they provide and requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information about their OPEB liabilities. The Center implemented GASB 75, which resulted in expanded note disclosures and required supplementary information, restatement of beginning net position, and recognition of additional deferred inflows and outflows of resources and liabilities.

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, this Statement 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. Statement No. 81 requires that a government recognize revenue when the resources become applicable to the reporting period.

GASB Statement No. 85 addresses issues found during the application of: 1) blending a component unit in circumstances in which the primary government is a business-type activity reporting in a single column for financial statement presentation; 2) reporting amounts previously reported as goodwill and "negative" goodwill; 3) classifying real estate held by insurance entities; 4) measuring certain money market investments and participating interest-earning investment contracts at amortized cost; 5) timing of the measurement of pension and other postemployment benefits (OPEB) liabilities and related expenditures recognized in financial statements prepared using the current financial resources measurement focus; 6) recognizing on-behalf payments for pensions or OPEB in employer financial statements; and 7) simplifying certain aspects of the alternative measurement method for OPEB. These changes were incorporated in the Center's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 86 provides guidance for transactions in which cash and other monetary assets acquired with only existing resources, that is, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. Under Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," government entities must consider debt to be considered defeased in substance when the debtor irrevocably places cash or other monetary assets acquired with refunding debt proceeds in a trust to be used solely for satisfying scheduled payments of both principal and interest of the defeased debt. Statement No. 86 generally follows the same requirements as Statement No. 7 when a government places cash and other monetary assets acquired with only existing resources in an irrevocable trust to extinguish the debt. However, in financial statements using the economic resources measurement focus, governments should recognize any difference between the reacquisition price (the amount required to be placed in the trust) and the net carrying amount of the debt defeased in substance using only existing resources as a separately identified gain or loss in the period of the defeasance.

Except as noted above, none of these Statements had an impact on the Center's financial statements or note disclosures.

The Center also discovered that its previously reported certificates of participation were overstated. The Center restated its beginning net position to reflect the proper balance.

The implementation of GASB Statement No. 75 and the correction for the error in beginning balances had the following effect on beginning net position.

Net Position, As Reported, June 30, 2017	$4,452,837
Restatements:	
GASB 75 Implementation:	
Deferred Outflows of Resources	11,084
Net OPEB Liability	(4,054,004)
Correction for Overstated Debt	150,000
Net Position, As Restated, July 1, 2017	$559,917

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

Collins Career Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
Last Five Fiscal Years

	2014	2015	2016	2017	2018
State Teachers Retirement System					
Center's proportion of the net pension liability	0.05235301%	0.05235301%	0.05217398%	0.05509582%	0.05548329%
Center's proportionate share of the net pension liability	$15,168,734	$12,734,064	$14,419,362	$18,442,232	$13,180,174
Center's covered-employee payroll	$5,364,969	$5,300,577	$5,501,050	$5,892,207	$5,880,007
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	282.7%	240.2%	262.1%	313.0%	224.2%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%
School Employees Retirement System					
Center's proportion of the net pension liability	0.03385401%	0.03385401%	0.04152200%	0.04397680%	0.03963720%
Center's proportionate share of the net pension liability	$2,013,189	$1,713,332	$2,369,286	$3,218,696	$2,368,235
Center's covered-employee payroll	$863,475	$938,355	$1,192,185	$1,365,757	$1,176,171
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	233.1%	182.6%	198.7%	235.7%	201.4%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See the accompanying required supplementary information.

Collins Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Liability

Last Two Fiscal Years

	2017	2018
State Teachers Retirement System		
Center's proportion of the net OPEB liability	0.05509582%	0.05548329%
Center's proportionate share of the net OPEB liability	$2,967,261	$2,164,753
Center's covered-employee payroll	$5,892,207	$5,880,007
Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	50.4%	36.8%
Plan fiduciary net position as a percentage of the total OPEB liability	37.3%	47.1%
School Employees Retirement System		
Center's proportion of the net OPEB liability	0.04397680%	0.03812640%
Center's proportionate share of the net OPEB liability	$1,086,743	$1,023,212
Center's covered-employee payroll	$1,365,757	$1,176,171
Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	79.6%	87.0%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See the accompanying required supplementary information.

Collins Career Center
Required Supplementary Information
Schedule of Center Contributions
Last Ten Fiscal Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
State Teachers Retirement System										
Contractually required contribution - pension	$681,203	$715,719	$740,541	$734,490	$697,446	$689,075	$770,147	$824,909	$823,201	$879,379
Contractually required contribution - OPEB	52,400	55,055	56,965	56,499	53,650	53,006	0	0	0	0
Contractually required contribution - total	733,603	770,774	797,506	790,989	751,096	742,081	770,147	824,909	823,201	879,379
Contributions in relation to the contractually required contribution	733,603	770,774	797,506	790,989	751,096	742,081	770,147	824,909	823,201	879,379
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered-employee payroll	$5,240,023	$5,505,531	$5,696,469	$5,649,923	$5,364,969	$5,300,577	$5,501,050	$5,892,207	$5,880,007	$6,281,279
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
School Employees Retirement System										
Contractually required contribution - pension	$105,062	$128,947	$117,289	$112,826	$119,505	$130,056	$157,130	$191,206	$164,664	$158,703
Contractually required contribution - OPEB (1)	44,416	4,381	13,343	4,614	1,382	1,314	9,776	0	0	5,878
Contractually required contribution - total	149,478	133,328	130,632	117,440	120,887	131,370	166,906	191,206	164,664	164,581
Contributions in relation to the contractually required contribution	149,478	133,328	130,632	117,440	120,887	131,370	166,906	191,206	164,664	164,581
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered-employee payroll	$1,067,703	$952,341	$933,087	$838,855	$863,475	$938,355	$1,192,185	$1,365,757	$1,176,171	$1,175,578
Contributions as a percentage of covered-employee payroll - pension	9.84%	13.54%	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%
Contributions as a percentage of covered-employee payroll - OPEB	4.16%	0.46%	1.43%	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See the accompanying required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017.

Changes in assumptions

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption 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.

OPEB

Changes in benefit terms

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

Changes in assumptions

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability 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 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

School Employees Retirement System

Pension

Changes in benefit terms

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- 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 2.5 percent with a floor of 0 percenter 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 calendars 2018, 2019, and 2020.

Changes in assumptions

There were no changes in assumptions since the prior measurement date.

OPEB

Changes in benefit terms

There were no changes in benefit terms since the prior measurement date.

Changes in assumptions

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

Collins Career Center
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
United States Department of Agriculture			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	3L70	10.553	$44,625
National School Lunch Program	3L60	10.555	108,758
National School Lunch Program - Non-Cash Assistance	3L60	10.555	12,280
Total Child Nutrition Cluster			165,663
Total United States Department of Agriculture			165,663
United States Department of Education			
Direct from the Federal Agency			
Student Financial Aid Cluster:			
Federal Direct Student Loans	N	84.268	2,874,958
Federal Pell Grant Program	N	84.063	1,807,002
Total Student Financial Aid Cluster			4,681,960
Rural Education	N	84.358	55,248
Passed through the Ohio Department of Education			
Career and Technical Education-Basic Grants to States	3L90	84.048	571,663
Adult Education-Basic Grants to States	3120	84.002	176,529
Improving Teacher Quality - State Grants	3Y60	84.367	1,933
Total United States Department of Education			5,487,333
Total Federal Financial Assistance			$5,652,996

N - direct award.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the Center's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position or changes in net position of the Center.

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Guaranteed Student Loans

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed.

Note 3 – Food Donation Program

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

Note 4 – Child Nutrition Cluster

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Collins Career Center, Lawrence County, Ohio (the Center) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 14, 2018, wherein we noted the Center adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" and restated beginning net position as a result of this implementation.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of this Report

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

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

December 14, 2018

Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

Report on Compliance for Each Major Federal Program

We have audited the Collins Career Center's, (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2018. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance 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 express an opinion on compliance for the Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

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Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

December 14, 2018

Section I – Summary of Auditor's Results

Financial Statements		
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:		Unmodified
Internal control over financial reporting:		
	Material weakness(es) identified?	No
	Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?		No
Federal Awards		
Internal control over major program(s):		
	Material weakness(es) identified?	No
	Significant deficiency(ies)?	None reported
Type of auditor's report issued on compliance for major programs:		Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
Identification of major program(s):		Student Financial Aid Cluster: Federal Direct Student Loans (CFDA #84.268) and Federal Pell Grant Program (CFDA #84.063)
Dollar threshold used to distinguish between type A and type B programs:		Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?		Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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OHIO AUDITOR OF STATE
KEITH FABER

COLLINS CAREER CENTER

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 5, 2019

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