EHOVE CAREER CENTER
ERIE COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2018

Board of Education
EHOVE Career Center
316 Mason Road West
Milan, Ohio 44846-9771

We have reviewed the *Independent Auditor's Report* of the EHOVE Career Center, Erie County, prepared by Julian & Grube, 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 EHOVE Career Center is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2019

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EHOVE CAREER CENTER
ERIE COUNTY, OHIO

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Independent Auditor's Report

EHOVE Career Center
Erie County
316 West Mason Road
Milan, Ohio 44846

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during fiscal year 2018, the EHOVE Career Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2018, on our consideration of the EHOVE Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EHOVE Career Center's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 19, 2018

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The management's discussion and analysis of the EHOVE Career Center (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Career Center's 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 Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- The Career Center's net position of governmental activities increased $10,273,533 which represents a 51.44% increase from 2017 as restated.

- General revenues accounted for $13,446,460 in revenue or 59.51% of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for $9,147,207 in revenue or 40.49% of total revenues of $22,593,667.

- The Career Center had $12,320,134 in expenses related to governmental activities; $9,147,207 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $13,446,460 were adequate to provide for these programs.

- The Career Center has four major governmental funds; the general fund, the adult education fund, the other grants fund, and the permanent improvement fund. The general fund had $14,921,190 in revenues and $14,902,024 in expenditures and other financing uses. During fiscal year 2018, the general fund's fund balance increased $17,926 from $6,399,643 to $6,417,569.

- The adult education fund had $2,830,577 in revenues and other financing sources and $2,850,612 in expenditures. During fiscal year 2018, the adult education fund's fund balance decreased $24,606 from a balance of $344,515 to a balance of $319,909.

- The other grants fund had $2,216,075 in revenues and $2,165,955 in expenditures. During fiscal year 2018, the other grants fund's fund balance increased $50,120 from a deficit balance of $47,439 to a balance of $2,681.

- The permanent improvement fund had $1,391,871 in revenues and other financing sources and $421,352 in expenditures. During fiscal year 2018, the permanent improvement fund's fund balance increased $970,519 from a balance of $800,000 to a balance of $1,770,519.

Using the Basic Financial Statements

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, and food service operations.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, the adult education fund, the other grants fund, and the permanent improvement fund.

Governmental Funds

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

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals and/or other governments or organizations. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

The Career Center as a Whole

The statement of net position provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net position for June 30, 2018 and June 30, 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

Net Position

	Governmental Activities 2018	Restated Governmental Activities 2017
Assets		
Current and other assets	$ 19,675,344	$ 16,856,333
Capital assets, net	10,812,948	10,650,148
Total assets	30,488,292	27,506,481
Deferred Outflows of Resources		
Pensions	5,985,039	5,289,089
OPEB	185,828	28,373
Total deferred outflows of resources	6,170,867	5,317,462
Liabilities		
Current liabilities	1,497,699	1,701,933
Long-term liabilities:		
Due within one year	521,395	525,850
Due in more than one year:		
Net pension liability	20,908,569	28,655,641
Net OPEB liability	4,856,449	6,066,540
Other amounts	8,029,755	8,591,614
Total liabilities	35,813,867	45,541,578
Deferred Inflows of Resources		
Property taxes levied for next fiscal year	8,928,443	6,951,318
Pensions	969,582	303,059
OPEB	645,746	-
Total deferred inflows of resources	10,543,771	7,254,377
Net Position		
Net investment in capital assets	3,942,421	3,195,987
Restricted	2,552,558	760,913
Unrestricted (deficit)	(16,193,458)	(23,928,912)
Total net position (deficit)	$ (9,698,479)	$ (19,972,012)

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

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

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

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

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

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

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

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

As a result of implementing GASB 75, the Career Center is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from a deficit of $13,933,845 to a deficit of $19,972,012.

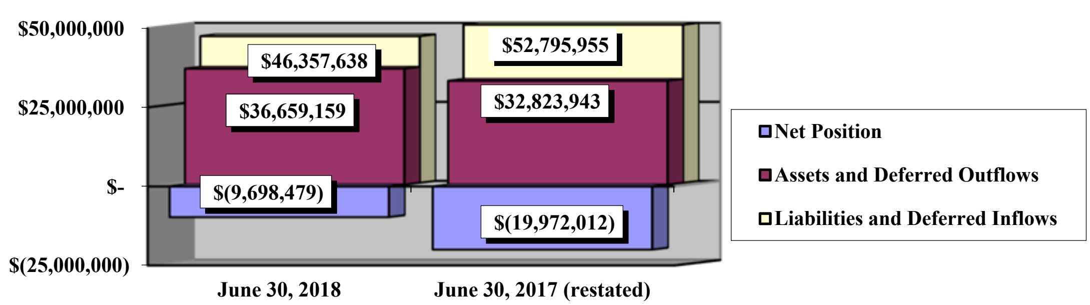
Current and other assets increased primarily due to an increase in cash and cash equivalents as a result of current year operations and an increase in property tax receivable. Property tax receivable increased primarily due to the passage of a ½ mill permanent improvement levy in November 2017. At fiscal year-end, capital assets represented 35.47% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2018 was $3,942,421. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. The Career Center had no bonded debt outstanding at June 30, 2018; however, the Career Center did have school improvement notes as well as certificates of participation outstanding at June 30, 2018 that were used to acquire capital assets.

Long-term liabilities decreased due to a decrease in the Career Center's net pension liability and net OPEB liability.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2018, the Career Center's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $9,698,479. A portion of the Career Center's net position, $2,552,558, represents resources that are subject to external restrictions on how they may be used. The remaining amount of the Career Center's net position was a deficit balance of $16,193,458.

The graph below illustrates the Career Center's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2018 and June 30, 2017. The amounts at June 30, 2017 have been restated as described in Note 3.A.

Governmental Activities



The table below shows the change in net position for fiscal years 2018 and 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

	Governmental Activities 2018	Restated Governmental Activities 2017
Revenues		
Program revenues:		
Charges for services and sales	$ 3,274,205	$ 3,032,579
Operating grants and contributions	5,873,002	5,913,083
General revenues:		
Taxes	9,431,229	8,144,705
Grants and entitlements	3,760,565	3,924,807
Investment earnings	83,754	59,859
Miscellaneous	170,912	152,772
Total revenues	22,593,667	21,227,805
Expenses		
Program expenses:		
Instruction:		
Regular	689,835	1,275,418
Special	294,757	744,485
Vocational	2,931,676	5,985,220
Adult/continuing	3,130,566	4,660,685
Support services:		
Pupil	443,326	847,869
Instructional staff	488,572	985,261
Board of education	48,838	69,475
Administration	1,244,697	2,358,110
Fiscal	420,377	632,868
Business	3,126	-
Operations and maintenance	1,504,905	1,910,031
Pupil transportation	15,715	38,619
Central	330,618	337,133
Operation of non-instructional services:		
Food service operations	330,954	473,819
Other non-instructional services	155,052	243,632
Interest and fiscal charges	287,120	304,840
Total expenses	12,320,134	20,867,465
Change in net position	10,273,533	360,340
Net position at beginning of year (restated)	(19,972,012)	N/A
Net position at end of year	$ (9,698,479)	$ (19,972,012)

Governmental Activities

Net position of the Career Center's governmental activities has increased by $10,273,533 or 51.44% from fiscal year 2017 as restated. Total governmental expenses of $12,320,134 were offset by program revenues of $9,147,207 and general revenues of $13,446,460. Program revenues supported 74.25% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from taxes, and unrestricted grants and entitlements. These two revenue sources represent 58.39% of total governmental revenue. Total revenues remained comparable to the prior year, increasing 6.43%. Charges for services and sales increased due to increases in tuition related to open enrollment. Taxes increased due to increased collections and the addition of a 0.5 mill permanent improvement levy. Investment earnings increased due to increased interest rates on investments of the Career Center. Miscellaneous revenue increased due to an increase in refunds and reimbursements received in fiscal year. All other revenues remained comparable to the prior year.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $28,373 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $684,565. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

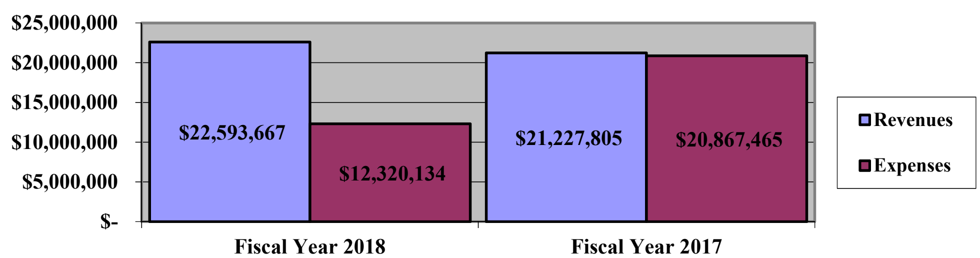
Total 2018 program expenses under GASB 75	$ 12,320,134
Negative OPEB expense under GASB 75	684,565
2018 contractually required contributions	37,235
Adjusted 2018 program expenses	13,041,934
Total 2017 program expenses under GASB 45	20,867,465
Decrease in program expenses not related to OPEB	$ (7,825,531)

Expenses of the governmental activities decreased $8,547,331 or 40.96%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the Career Center reported ($6,364,316) in pension expense and ($684,565) in OPEB expense mainly due to these benefit changes by the retirement systems. Fluctuations in the pension expense reported under GASB 68 makes it difficult to compare financial information between years. Pension expense is a component of program expenses reported on the statement of activities. To assess fluctuations in program expenses, the increase or decrease in pension expense should be factored into the analysis. Pension expense, by function, for 2018 and 2017 can be seen on the following page.

Program expenses:	2018 Pension Expense	2017 Pension Expense	Increase (Decrease)
Instruction:			
Regular	$ (423,125)	$ 134,081	$ (557,206)
Special	(271,634)	103,496	(375,130)
Vocational	(1,976,166)	677,182	(2,653,348)
Adult/continuing	(1,489,454)	478,919	(1,968,373)
Support services:			
Pupil	(337,893)	118,525	(456,418)
Instructional staff	(290,292)	99,367	(389,659)
Board of education	(8,427)	2,994	(11,421)
Administration	(779,891)	277,482	(1,057,373)
Fiscal	(179,366)	61,416	(240,782)
Operations and maintenance	(464,335)	155,120	(619,455)
Pupil transportation	(11,802)	5,656	(17,458)
Central	(36,032)	11,685	(47,717)
Operation of non-instructional services:			
Other non-instructional services	(2,275)	1,025	(3,300)
Food service operations	(93,624)	33,494	(127,118)
Total	$ (6,364,316)	$ 2,160,442	$ (8,524,758)

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2018 and 2017.

Governmental Activities - Revenues and Expenses



EHOVE CAREER CENTER
ERIE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

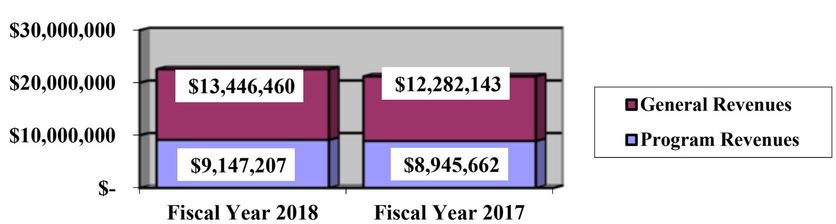
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The table on the following page shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2018 and 2017. It identifies the cost of these services supported by tax revenue, unrestricted grants and entitlements, and other general revenues.

Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses				
Instruction:				
Regular	$ 689,835	$ 689,835	$ 1,275,418	$ 1,275,418
Special	294,757	294,757	744,485	744,485
Vocational	2,931,676	534,164	5,985,220	3,386,270
Adult/continuing	3,130,566	(2,020,005)	4,660,685	84,437
Support services:				
Pupil	443,326	(12,992)	847,869	397,768
Instructional staff	488,572	486,352	985,261	923,461
Board of education	48,838	48,838	69,475	69,475
Administration	1,244,697	792,514	2,358,110	1,801,766
Fiscal	420,377	420,377	632,868	632,868
Business	3,126	3,126	-	-
Operations and maintenance	1,504,905	1,452,045	1,910,031	1,858,400
Pupil transportation	15,715	15,715	38,619	38,619
Central	330,618	330,618	337,133	337,133
Operation of non-instructional services:				
Food service operations	330,954	(90,319)	473,819	64,756
Other non-instructional services	155,052	(11,024)	243,632	56,151
Interest and fiscal charges	287,120	238,926	304,840	250,796
Total expenses	$ 12,320,134	$ 3,172,927	$ 20,867,465	$ 11,921,803

The dependence upon taxes and other general revenues for governmental activities is apparent, as 25.75% of all governmental activities are supported through taxes and other general revenues. The Career Center's taxpayers and unrestricted grants and entitlements, as a whole, are the primary support for the Career Center's students. The graph below presents the Career Center's governmental activities revenue for fiscal years 2018 and 2017.

Governmental Activities - General and Program Revenues



The Career Center's Funds

At June 30, 2018, the Career Center's governmental funds reported a combined fund balance of $8,519,066, which is more than last year's total balance of $7,490,775. The table below indicates the fund balance and the total change in fund balance as of June 30, 2018 and June 30, 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Increase/ (Decrease)
General	$ 6,417,569	$ 6,399,643	$ 17,926
Adult education	319,909	344,515	(24,606)
Other grants	2,681	(47,439)	50,120
Permanent improvement	1,770,519	800,000	970,519
Nonmajor governmental	8,388	(5,944)	14,332
Total	$ 8,519,066	$ 7,490,775	$ 1,028,291

An analysis of the general fund revenues and expenditures is provided below.

General Fund

The Career Center's general fund balance increased $17,926 from $6,399,643 to $6,417,569. The tables that follow assist in illustrating the fiscal year 2018 revenues and expenditures of the general fund.

	2018 Amount	2017 Amount	Change
Revenues			
Property taxes	$ 8,318,674	$ 8,181,291	1.68 %
Tuition	510,514	363,935	40.28 %
Earnings on investments	76,414	61,393	24.47 %
Extracurricular	13,859	13,475	2.85 %
Classroom materials and fees	99,434	110,283	(9.84) %
Other	246,683	229,685	7.40 %
Intergovernmental	5,655,612	5,772,735	(2.03) %
Total	$ 14,921,190	$ 14,732,797	1.28 %

	2018 Amount	2017 Amount	Percentage Change
Expenditures			
Instruction	$ 7,264,660	$ 7,055,215	2.97 %
Support services	6,114,553	5,931,494	3.09 %
Operation of non-instructional services	158,090	243,290	(35.02) %
Facilities acquisition and construction	242,172	246,152	(1.62) %
Debt service	792,549	807,026	(1.79) %
Total	$ 14,572,024	$ 14,283,177	2.02 %

Total revenues of the general fund increased $188,393 or 1.28%. Tuition increased due to increased open enrollment. Earnings on investment increased due to increased interest rates and the improving economy. Classroom materials and fees decreased to less student fees collected. Intergovernmental revenue decreased due to the timing School Finance Payment Report (SFPR) adjustments to state foundation. All other revenue classifications were comparable to the prior year or insignificant in amount.

Total expenditures of the general fund increased 2.02%. Operation of non-instructional services decreased $85,200 primarily due to decreased shared services. All other expenditures remained comparable to the prior fiscal year.

Adult Education Fund

The adult education fund had $2,830,577 in revenues and other financing sources and $2,850,612 in expenditures. During fiscal year 2018, the adult education fund's fund balance decreased $24,606 from a balance of $344,515 to a balance of $319,909. Tuition revenue decreased $39,835 and adult/continuing expenditures increased $173,969. The Career Center continues to closely monitor the adult education revenues to ensure they are sufficient to cover the related costs of the adult education programs.

Other Grants Fund

The other grants fund had $2,216,075 in revenues and $2,165,955 in expenditures. During fiscal year 2018, the other grants fund's fund balance increased $50,120 from a deficit balance of $47,439 to a balance of $2,681.

Permanent Improvement Fund

The permanent improvement fund had $1,391,871 in revenues and other financing sources and $421,352 in expenditures. During fiscal year 2018, the permanent improvement fund's fund balance increased $970,519 from a balance of $800,000 to a balance of $1,770,519.

General Fund Budgeting Highlights

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

For the general fund, original budgeted revenues and other financing sources of $14,962,000 matched the final budget. Actual revenues and other financing sources for fiscal year 2018 were $15,169,296. This represents an increase of $207,296 over the final budgeted amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of $15,751,639 matched the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled $15,352,739, which was $398,900 less than the final budgeted amounts. The Career Center had actual expenditures under final appropriations primarily in the areas of vocational instruction and instructional staff support services.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2018, the Career Center had $10,812,948 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2018 balances compared to June 30, 2017.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2018	2017
Land	$ 411,420	$ 411,420
CIP	-	200,000
Land improvements	167,780	113,985
Buildings and improvements	9,405,856	9,173,738
Furniture and equipment	619,304	520,113
Vehicles	208,588	230,892
Total	$ 10,812,948	$ 10,650,148

The overall increase in capital assets of $162,800 is due to current year additions of $451,757 exceeding depreciation expense of $288,957.

See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

Debt Administration

At June 30, 2018, the Career Center had $424,000 in school improvement notes outstanding, $840,000 in energy conservation notes outstanding, and $6,415,000 in certificates of participation outstanding. Of this total, $513,000 is due within one year and $7,166,000 is due in more than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2018	Governmental Activities 2017
School improvement notes	$ 424,000	$ 576,000
Energy conservation notes	840,000	960,000
Certificates of participation	6,415,000	6,645,000
Total	$ 7,679,000	$ 8,181,000

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

Current Financial Related Activities

The Career Center is reporting an overall increase in net position of $10,273,533 using the full accrual basis of accounting. As the financial statements report, the Career Center relies heavily upon grants, entitlements, and local property taxes (over 67% of total revenues).

The Career Center replaced a ½ mill levy in calendar year 2013 and made it permanent. All tax levies are now permanent, which will provide some needed stability in tax revenues moving forward. The Career Center is fortunate to enjoy this support from the local taxpayers. The Career Center passed a 1/2 mill permanent improvement levy on November 7, 2017. This levy will cost a taxpayer $16 per year on a $100,000 property. The levy is needed to provide the facilities and equipment necessary for state-of-the-art advanced skill training and to maintain and improve current facilities. The Career Center has recently completed a COPS issuance for 15 years to borrow $13,000,000 for facility improvements.

To expand further on the training it offers for students in the robotics, engineering, STEM and manufacturing career tech programs, the Career Center has partnered with Robotics and Advanced Manufacturing Technology Education Collaborative (RAMTEC). This statewide initiative has provided a $500,000 Straight A grant to assist the Career Center with enhancing student training through the latest advanced manufacturing equipment. Local dollars will be used to add an additional 2750 sq. ft. of training space in several career tech training labs. Involved Career Center instructors will also receive high-tech training to become certified to teach the new curriculum. In addition to enhancing high school and adult education programs, customized training will be available through RAMTEC for area manufacturers to strengthen our area's workforce by training new employees and enhancing current employees' skillsets.

The Career Center has been selected to receive a 3D printing package through the General Electric (GE) Additive Education Program. The grant package includes two 3D printers, Polar Cloud Premium Membership, filament rolls, STEAMtrax license and Polar Farm access. Through Polar Cloud and STEAMtrax, EHOVE instructors and students will have access to curricula and special programming for the life of the program, be eligible to compete in GE Program Challenges, and utilize GE's bank of printers to manage overflow situations. The GE Additive Education Program provides these grant opportunities because, according to www.geadditive.com, "GE believes giving students access to additive technologies will help accelerate the adoption of advanced manufacturing worldwide. That's why GE is investing $10 million over the next five years in educational programs aimed at developing future additive talent. It's all part of GE's passion for improving student outcome and introducing future generations to new technologies."

In conclusion, the Career Center has committed itself to excellence for many years and will continue to be both innovative, and a leader, in the education and training of students in the three-county area. These financial statements represent the continued effort to keep the residents informed of the excellent use of their tax dollars for career technical training needed by Career Center students and expected by the Career Center's business partners.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Timothy R. Coffman, Treasurer, EHOVE Career Center, 316 W. Mason Road, Milan, Ohio 44846.

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EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 8,059,321
Receivables:	
Property taxes	10,590,315
Accounts	523,281
Accrued interest	16,831
Intergovernmental	454,458
Prepayments	20,666
Materials and supplies inventory	6,527
Inventory held for resale	3,945
Capital assets:	
Nondepreciable capital assets	411,420
Depreciable capital assets, net	10,401,528
Capital assets, net	10,812,948
Total assets	30,488,292
Deferred outflows of resources:	
Pension (Note 12)	5,985,039
OPEB (Note 13)	185,828
Total deferred outflows of resources	6,170,867
Liabilities:	
Accounts payable	154,584
Accrued wages and benefits payable	912,541
Intergovernmental payable	146,564
Pension and postemployment benefits payable	216,531
Accrued interest payable	56,928
Unearned revenue	10,551
Long-term liabilities:	
Due within one year	521,395
Due in more than one year:	
Net pension liability (Note 12)	20,908,569
Net OPEB liability (Note 13)	4,856,449
Other amounts due in more than one year	8,029,755
Total liabilities	35,813,867
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	8,928,443
Pension (Note 12)	969,582
OPEB (Note 13)	645,746
Total deferred inflows of resources	10,543,771
Net position:	
Net investment in capital assets	3,942,421
Restricted for:	
Capital projects	1,801,993
Federally funded programs	70,182
Adult education programs	680,383
Unrestricted (deficit)	(16,193,458)
Total net position (deficit)	$ (9,698,479)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 689,835	$ -	$ -	$ (689,835)
Special	294,757	-	-	(294,757)
Vocational	2,931,676	510,514	1,886,998	(534,164)
Adult/continuing	3,130,566	1,919,233	3,231,338	2,020,005
Support services:				
Pupil	443,326	40,088	416,230	12,992
Instructional staff	488,572	-	2,220	(486,352)
Board of education	48,838	-	-	(48,838)
Administration	1,244,697	371,350	80,833	(792,514)
Fiscal	420,377	-	-	(420,377)
Business	3,126	-	-	(3,126)
Operations and maintenance	1,504,905	43,853	9,007	(1,452,045)
Pupil transportation	15,715	-	-	(15,715)
Central	330,618	-	-	(330,618)
Operation of non-instructional services:				
Food service operations	330,954	224,091	197,182	90,319
Other non-instructional services	155,052	165,076	1,000	11,024
Interest and fiscal charges	287,120	-	48,194	(238,926)
Total governmental activities	$ 12,320,134	$ 3,274,205	$ 5,873,002	(3,172,927)
General revenues:				
Property taxes levied for:				
General purposes				8,278,743
Capital outlay				1,152,486
Grants and entitlements not restricted to specific programs				3,760,565
Investment earnings				83,754
Miscellaneous				170,912
Total general revenues				13,446,460
Change in net position				10,273,533
Net position (deficit) at beginning of year (restated)				(19,972,012)
Net position (deficit) at end of year				$ (9,698,479)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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EHOVE CAREER CENTER
ERIE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Adult Education	Other Grant	Permanent Improvement
Assets:				
Equity in pooled cash and investment	$ 6,068,916	$ 362,106	$ -	$ 1,624,879
Receivables:				
Property taxes	8,908,841	-	-	1,681,474
Accounts	34,804	487,461	1,016	-
Accrued interest	16,831	-	-	-
Interfund loans	337,479	-	-	-
Intergovernmental	17,425	4,602	338,066	-
Prepayments	16,580	3,360	587	-
Materials and supplies inventory	5,600	-	-	-
Inventory held for resale	-	1,379	-	-
Total assets	$ 15,406,476	$ 858,908	$ 339,669	$ 3,306,353
Liabilities:				
Accounts payable	$ 83,015	$ 14,343	$ -	$ 51,992
Accrued wages and benefits payable	854,629	27,354	-	-
Intergovernmental payable	145,765	397	-	-
Pension and postemployment benefits payable	195,539	4,878	-	-
Interfund loans payable	-	-	336,988	-
Unearned revenue	-	10,551	-	-
Total liabilities	1,278,948	57,523	336,988	51,992
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	7,476,075	-	-	1,452,368
Delinquent property tax revenue not available	208,841	-	-	31,474
Intergovernmental revenue not available	-	-	-	-
Accrued interest not available	11,278	-	-	-
Miscellaneous revenue not available	10	3,836	-	-
Classroom materials and fees revenue not available	13,755	-	-	-
Tuition revenue not available	-	477,640	-	-
Total deferred inflows of resources	7,709,959	481,476	-	1,483,842
Fund balances:				
Nonspendable:				
Materials and supplies inventory	5,600	-	-	-
Prepaids	16,580	3,360	587	-
Unclaimed monies	606	-	-	-
Restricted:				
Capital improvements	-	-	-	1,770,519
Adult education	-	316,549	-	-
Vocational education	-	-	-	-
Other purposes	-	-	2,094	-
Committed:				
Termination benefits	221,501	-	-	-
Assigned:				
Student instruction	53,063	-	-	-
Student and staff support	221,867	-	-	-
Facilities acquisition and construction	155,398	-	-	-
Subsequent year's appropriations	789,048	-	-	-
School supplies	23,417	-	-	-
Other purposes	141,138	-	-	-
Unassigned (deficit)	4,789,351	-	-	-
Total fund balances	6,417,569	319,909	2,681	1,770,519
Total liabilities, deferred inflows and fund balances	$ 15,406,476	$ 858,908	$ 339,669	$ 3,306,353

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ 3,420	$ 8,059,321
-	10,590,315
-	523,281
-	16,831
-	337,479
94,365	454,458
139	20,666
927	6,527
2,566	3,945
$ 101,417	$ 20,012,823
$ 5,234	$ 154,584
30,558	912,541
402	146,564
16,114	216,531
491	337,479
-	10,551
52,799	1,778,250
-	8,928,443
-	240,315
40,230	40,230
-	11,278
-	3,846
-	13,755
-	477,640
40,230	9,715,507
927	6,527
139	20,666
-	606
-	1,770,519
4,988	321,537
24,964	24,964
-	2,094
-	221,501
-	53,063
-	221,867
-	155,398
-	789,048
-	23,417
-	141,138
(22,630)	4,766,721
8,388	8,519,066
$ 101,417	$ 20,012,823

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2018

Total governmental fund balances		$ 8,519,066
Amounts reported for governmental activities on 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.		10,812,948
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows and outflows in the funds.		
Property taxes receivable	$ 240,315	
Accounts receivable	495,241	
Accrued interest receivable	11,278	
Intergovernmental receivable	40,230	
Total		787,064
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - Pension	5,985,039	
Deferred Inflows - Pension	(969,582)	
Net pension liability	(20,908,569)	
Total		(15,893,112)
The net OPEB liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - OPEB	185,828	
Deferred Inflows - OPEB	(645,746)	
Net OPEB liability	(4,856,449)	
Total		(5,316,367)
Unamortized premiums on bonds issued are not recognized in the funds.		(31,527)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(56,928)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(840,623)	
Certificates of participation	(6,415,000)	
Notes payable	(1,264,000)	
Total		(8,519,623)
Net position (deficit) of governmental activities		$ (9,698,479)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	General	Adult Education	Other Grant	Permanent Improvement
Revenues:				
From local sources:				
Property taxes	$ 8,318,674	$ -	$ -	$ 1,121,012
Tuition	510,514	2,221,340	-	-
Earnings on investments	76,414	-	-	-
Charges for services	-	-	-	-
Extracurricular	13,859	-	-	-
Classroom materials and fees	99,434	-	-	-
Rental income	2,475	-	-	-
Contributions and donations	19,595	-	-	-
Contract services	53,702	48,905	27,556	-
Other local revenues	170,911	22,806	-	-
Intergovernmental - state	5,607,418	487,526	2,188,519	20,859
Intergovernmental - federal	48,194	-	-	-
Total revenues	14,921,190	2,780,577	2,216,075	1,141,871
Expenditures:				
Current:				
Instruction:				
Regular	1,256,866	-	-	-
Special	654,087	-	-	-
Vocational	5,353,707	-	-	-
Adult/continuing	-	2,300,045	2,165,955	-
Support services:				
Pupil	431,708	48,742	-	-
Instructional staff	869,746	-	-	-
Board of education	59,175	-	-	-
Administration	1,848,541	451,515	-	-
Fiscal	641,310	-	-	17,366
Business	2,021	-	-	-
Operations and maintenance	1,859,369	50,310	-	-
Pupil transportation	31,473	-	-	-
Central	371,210	-	-	-
Operation of non-instructional services:				
Food service operations	-	-	-	-
Other non-instructional services	158,090	-	-	-
Facilities acquisition and construction	242,172	-	-	403,986
Debt service:				
Principal retirement	502,000	-	-	-
Interest and fiscal charges	290,549	-	-	-
Total expenditures	14,572,024	2,850,612	2,165,955	421,352
Excess of revenues over (under) expenditures	349,166	(70,035)	50,120	720,519
Other financing sources (uses):				
Transfers in	-	50,000	-	250,000
Transfers (out)	(330,000)	-	-	-
Total other financing sources (uses)	(330,000)	50,000	-	250,000
Net change in fund balances	19,166	(20,035)	50,120	970,519
Fund balances at beginning of year	6,399,643	344,515	(47,439)	800,000
(Decrease) in reserve for inventory	(1,240)	(4,571)	-	-
Fund balances at end of year	$ 6,417,569	$ 319,909	$ 2,681	$ 1,770,519

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 9,439,686
-	2,731,854
-	76,414
224,091	224,091
-	13,859
-	99,434
-	2,475
-	19,595
-	130,163
-	193,717
8,641	8,312,963
1,270,037	1,318,231
1,502,769	22,562,482
-	1,256,866
-	654,087
4,000	5,357,707
649,819	5,115,819
412,799	893,249
2,228	871,974
-	59,175
-	2,300,056
-	658,676
-	2,021
-	1,909,679
-	31,473
-	371,210
449,591	449,591
-	158,090
-	646,158
-	502,000
-	290,549
1,518,437	21,528,380
(15,668)	1,034,102
30,000	330,000
-	(330,000)
30,000	-
14,332	1,034,102
(5,944)	7,490,775
-	(5,811)
$ 8,388	$ 8,519,066

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Net change in fund balances - total governmental funds		$ 1,034,102
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 costs of those assets are allocated over their estimated useful lives as depreciation expense:		
Capital asset additions	$ 451,757	
Current year depreciation	(288,957)	
Total		162,800
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(5,811)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(8,457)	
Tuition	74,864	
Earnings on investments	7,340	
Classroom materials and fees	(1,919)	
Other local revenues	(3,906)	
Intergovernmental	(36,737)	
Total		31,185
Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Certificates of participation	230,000	
Notes	272,000	
Total		502,000
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,412,183
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		6,364,316
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		37,235
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		684,565
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	1,795	
Amortization of certificates of participation premiums	1,634	
Total		3,429
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		47,529
Change in net position of governmental activities		$ 10,273,533

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
From local sources:				
Property taxes	$ 8,400,000	$ 8,400,000	$ 8,574,494	$ 174,494
Tuition.	409,000	409,000	510,514	101,514
Earnings on investments	65,000	65,000	106,526	41,526
Rental income	2,500	2,500	2,475	(25)
Contributions and donations	5,000	5,000	1	(4,999)
Other local revenues	150,000	150,000	144,755	(5,245)
Intergovernmental - state	5,840,500	5,840,500	5,757,512	(82,988)
Total revenues	14,872,000	14,872,000	15,096,277	224,277
Expenditures:				
Current:				
Instruction:				
Regular	1,284,305	1,284,305	1,232,478	51,827
Special.	679,855	679,855	660,138	19,717
Vocational.	5,577,185	5,577,185	5,435,919	141,266
Support services:				
Pupil.	427,149	427,149	442,250	(15,101)
Instructional staff	961,511	961,511	859,049	102,462
Board of education	67,845	67,845	69,388	(1,543)
Administration.	1,737,901	1,737,901	1,851,373	(113,472)
Fiscal	648,764	648,764	657,360	(8,596)
Business	2,100	2,100	1,922	178
Operations and maintenance.	2,051,185	2,051,185	2,054,273	(3,088)
Pupil transportation	43,295	43,295	32,897	10,398
Central.	361,384	361,384	416,793	(55,409)
Facilities acquisition and construction	400,660	400,660	413,350	(12,690)
Debt service:				
Principal	505,000	505,000	502,000	3,000
Interest and fiscal charges.	303,500	303,500	290,549	12,951
Total expenditures	15,051,639	15,051,639	14,919,739	131,900
Excess of revenues (under) expenditures	(179,639)	(179,639)	176,538	356,177
Other financing sources (uses):				
Refund of prior year's expenditures	65,000	65,000	30,172	(34,828)
Transfers (out).	(700,000)	(700,000)	(433,000)	267,000
Sale of capital assets	25,000	25,000	42,847	17,847
Total other financing sources (uses)	(610,000)	(610,000)	(359,981)	250,019
Net change in fund balance	(789,639)	(789,639)	(183,443)	606,196
Fund balance at beginning of year	5,083,493	5,083,493	5,083,493	-
Prior year encumbrances appropriated	611,039	611,039	611,039	-
Fund balance at end of year	$ 4,904,893	$ 4,904,893	$ 5,511,089	$ 606,196

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Tuition.	$ 2,310,000	$ 2,310,000	$ 2,246,799	$ (63,201)
Contract services.	53,000	53,000	48,905	(4,095)
Other local revenues	30,000	30,000	22,806	(7,194)
Intergovernmental - state	510,000	510,000	487,526	(22,474)
Total revenue	2,903,000	2,903,000	2,806,036	(96,964)
Expenditures:				
Current:				
Instruction:				
Adult/continuing	2,593,105	2,593,105	2,346,545	246,560
Support Services:				
Pupil.	53,793	53,793	49,080	4,713
Administration.	609,757	609,757	482,740	127,017
Operations and maintenance.	50,550	50,550	50,325	225
Total expenditures	3,307,205	3,307,205	2,928,690	378,515
Excess of revenues (under) expenditures	(404,205)	(404,205)	(122,654)	281,551
Other financing sources (uses):				
Transfers in	50,000	50,000	50,000	-
Total other financing sources (uses)	50,000	50,000	50,000	-
Net change in fund balance	(354,205)	(354,205)	(72,654)	281,551
Fund balance at beginning of year	292,131	292,131	292,131	-
Prior year encumbrances appropriated . .	107,108	107,108	107,108	-
Fund balance at end of year	$ 45,034	$ 45,034	$ 326,585	$ 281,551

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
OTHER GRANTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
From local sources:				
Contract services.	$ 38,829	$ 15,500	$ 26,540	$ 11,040
Intergovernmental - state	3,360,921	3,384,250	2,297,202	(1,087,048)
Total revenue	3,399,750	3,399,750	2,323,742	(1,076,008)
Expenditures:				
Current:				
Instruction:				
Adult/continuing	3,060,437	2,864,061	2,262,730	601,331
Support Services:				
Business	160,420	135,296	-	135,296
Total expenditures	3,220,857	2,999,357	2,262,730	736,627
Net change in fund balance	178,893	400,393	61,012	(339,381)
Fund balance at beginning of year	(908,102)	(908,102)	(908,102)	-
Prior year encumbrances appropriated . .	509,427	509,427	509,427	-
Fund balance at end of year	$ (219,782)	$ 1,718	$ (337,663)	$ (339,381)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2018

		Agency
Assets:		
Equity in pooled cash and investments	$	112,230
Receivables:		
Intergovernmental.		1,383
Total assets.	$	113,613
Liabilities:		
Accounts payable.	$	1,874
Due to students.		111,739
Total liabilities	$	113,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The EHOVE Career Center ("Career Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Career Center is a joint vocational school district as defined by 3311.16 of the Ohio Revised Code. The Career Center operates under an appointed Board of Education (nine members) and is responsible for the provision of public education to residents of the Career Center.

Average daily membership (ADM) as of October 1, 2017, was 868. The Career Center employed 10 administrative and supervisory personnel, 57 certified employees, and 62 non-certified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Career Center have been prepared in conformity with accounting principles generally accepted in the United States of America (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 Career Center's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Career Center appoints a voting majority of the organization's Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization's resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

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

The following organizations are described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATIONS

The Northern Ohio Educational Computer Association
The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among area schools. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among members. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. In the event of a dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contributions. The NOECA Assembly consists of the Superintendent from each participating school and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the Chairman of each of the operating committees, and two NOECA Assembly members from each county in which participating schools are located. The degree of control exercised by any participating school is limited to its representation on the Board of Directors. The Career Center paid $90,829 to NOECA for services during fiscal year 2018. Financial information can be obtained by contacting Matthew Bauer, who serves as Controller, at 4918 Milan Road, Sandusky, Ohio 44870.

Bay Area Council of Governments
The Bay Area Council of Governments (the “Council”) consists of numerous school districts representing seven counties (Crawford, Erie, Huron, Ottawa, Sandusky, Seneca, and Wood). This jointly governed organization was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the Council are natural gas and insurance. The only cost to the Career Center is an administrative charge if it purchases something through the Council. The Council consists of the Superintendent of each school. The Board of Directors consists of one elected representative from each county, the Superintendent of the fiscal agent, and two non-voting members (Administrator and Fiscal Officer).

Members of the Board of Directors serve two-year terms, which are staggered. The Career Center paid $29,491 to the Council for services provided during fiscal year 2018. Financial information can be obtained by contacting Matthew Bauer, who serves as Fiscal Officer, at 4918 Milan Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOLS

Health Benefits
The Huron-Erie School Employees Insurance Association (the “Association”) is a shared risk pool, with participants from Erie and Huron Counties. The Association is governed by an Assembly, which consists of one representative from each participant (usually the Superintendent or designee). The Assembly elects officers for two-year terms to serve as the Board of Directors. The Assembly exercises control over the operation of the Association. All of the Association revenues are generated from charges for services. Financial information can be obtained by writing to the Fiscal Officer, at 4918 Milan Road, Sandusky, Ohio 44870.

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

Workers' Compensation
The Career Center participates in a retrospective group rating plan (the "Plan") for workers' compensation as established under Section 4123.29 of the Ohio Revised Code.

Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Fund Accounting

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The Career Center has no proprietary funds.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the Career 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.

Other grants fund - The other grants special revenue fund is used to account for transactions made in connection with the Workforce Investment Act (WIA) program and the Promote Excellence And Knowledge (PEAK) program.

Permanent improvement fund - The permanent improvement capital projects fund accounts for levy collections used for the acquisition, construction, or improvement of capital facilities.

Nonmajor governmental funds of the Career Center are used to account for financial resources that are restricted or committed to an expenditure for specified purposes.

PROPRIETARY FUNDS

Proprietary funds are used to account for activities that are similar to those often found in the private sector, where the determination of operating income, changes in net position, overall financial position and cash flows is necessary or useful to sound financial administration. The Career Center has no proprietary funds.

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The Career Center's only fiduciary funds are agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds account for student activities and Career Center agency responsibilities.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Career Center. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Career Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the Career Center are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Agency funds do not report a measurement focus as they do not report operations.

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the Career 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 (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On the modified accrual basis, revenue from 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, tuition, grants, interest and charges for services.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, see Note 12 and 13 for deferred outflows of resources related the Career Center's net pension liability and net OPEB liability, respectively.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources 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 Career Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Career Center, see Note 12 and 13 for deferred inflows of resources related to the Career Center's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the fiscal year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with an equal amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Although any budgetary modifications at this level may only be made by resolution of the Board of Education (the "Board").

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Erie County Budget Commission (the "Commission") for rate determination.

Estimated Resources:

By April 1, the Board accepts, by formal resolution, the tax rates as determined by the Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. On or prior to June 30, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificates of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate of estimated resources saying no new certificate of estimated resources is necessary, the annual appropriation resolution is enacted by the Board. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Career Center. The appropriation resolution, by fund, must be within the certificate of estimated resources as certified by the Commission and the total of expenditures may not exceed the appropriation totals at the fund level. Any revisions that alter the fund level must be approved by the Board.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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

F. Cash and Investments

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

During 2018, the Career Center has invested funds in negotiable certificates of deposits (negotiable CD's), a U.S. government money market mutual fund, Federal Home Loan Mortgage Corporation (FHLMC), and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2018, the Career Center invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Career Center measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to $76,414, which includes $14,273 assigned from other Career Center funds.

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

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

G. Inventory

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

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

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets 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 deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Career Center's capitalization threshold is $10,000. The Career Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	20 - 30 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position. Interfund loans receivable/payable are summarized in Note 5.A.

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

J. Compensated Absences

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2018, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2018 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension/OPEB liabilities that will be paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current year. Notes payable, certificates of participation outstanding, and tap-in fees payable are recognized as a liability on the fund financial statements when due.

L. Certificates of Participation Premiums

On the government-wide financial statements, certificates of participation premiums are deferred and amortized over the term of the certificates of participation using the straight-line method, which approximates the effective interest method. Certificates of participation premiums are presented as an addition to the face amount of the certificates of participation. On the governmental fund financial statements, certificates of participation premiums are recognized in the period in which they are incurred.

The reconciliation between the certificates of participation face value and the amount reported on the statement of net position is presented in Note 9.

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

M. Fund Balance

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

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

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

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

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

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

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

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

N. Net Position

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

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, prepaid items are equally offset by nonspendable fund balance in the governmental funds, which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

P. Estimates

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

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. See Note 5.B. for details.

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

R. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

S. Extraordinary and Special Items

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

T. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the District has implemented GASB Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*", GASB Statement No. 81 "*Irrevocable Split-Interest Agreements*" GASB Statement No. 85, "*Omnibus 2017*" and GASB Statement No. 86, "*Certain Debt Extinguishments*".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 affected the District's postemployment benefit plan disclosures, as presented in Note 13 to the basic financial statements, and added required supplementary information which is presented on pages 86 - 91 and 93.

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the District.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the District.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities at July 1, 2017 have been restated as follows:

	Governmental Activities
Net position as previously reported	$ (13,933,845)
Deferred outflows - payments subsequent to measurement date	28,373
Net OPEB liability	(6,066,540)
Restated net position at July 1, 2017	$ (19,972,012)

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

B. Deficit Fund Balances

Fund balances at June 30, 2018 included the following individual fund deficits:

Nonmajor funds	Deficit
Food service	$ 22,630

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker’s acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At fiscal year end, the Career Center had $300 in undeposited cash on hand, which is included on the financial statements of the Career Center as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all Career Center deposits was $973,646 and the bank balance of all Career Center deposits was $1,277,978. Of the bank balance, $437,047 was covered by the FDIC and $840,931 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Career 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 (2) 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. For 2018, the Career Center’s financial institutions pledged eligible securities whose market value was at least 105 percent of the Career Center’s deposits secured. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2018, the Career Center had the following investments and maturity:

		Investment Maturities			
Measurement/ Investment type	Measurement Amount	6 Months or Less	13 to 18 Months	19 to 24 Months	Greater Than 24 Months
Fair Value:					
Negotiable CDs	$ 2,752,766	$ 491,065	989,819	732,626	539,256
FHLMC	184,429	-	-	-	184,429
U.S. Government Money Market Mutual Fund	23,046	23,046	-	-	-
Amortized Cost:					
STAR Ohio	4,237,364	4,237,364	-	-	-
Total	$ 7,197,605	$ 4,751,475	$ 989,819	$ 732,626	$ 723,685

The weighted average maturity of investments is 0.72 years.

The Career Center's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Career Center's investments in negotiable CDs and Federal Home Loan Mortgage Corporation are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). As discussed in Note 2.F, investments in STAR Ohio are measured at their net asset value per share.

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Career Center's investment policy limits investment portfolio maturities to approximately five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity. The Career Center's investment policy permits investments in any security specifically authorized by Ohio Revised Code Sections 135.14, 135.142 and 135.45 as amended.

Credit Risk: Standard & Poor's has assigned STAR Ohio and the U.S government money market mutual fund an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are not rated, but are fully insured by the FDIC. The Federal Home Loan Mortgage Corporation was rated AA+ and Aaa by Standard & Poor's and Moody's, respectively. The Career Center's investment policy does not address investment credit risk beyond the requirements of State statutes.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The Career Center places no dollar limit on the amount that may be invested in any one issuer. However, the Career Center's investment policy requires an effort to diversify its holdings of investments by avoiding concentrations of specific issuers. The following table includes the percentage of each investment type held by the Career Center at June 30, 2018:

Measurment/ Investment type	Measurement Amount	% of Total
Fair Value:		
Negotiable CDs	$ 2,752,766	38.25
FHLMC	184,429	2.56
U.S. Government Money Market Mutual Fund	23,046	0.32
Amortized Cost:		
STAR Ohio	4,237,364	58.87
Total	$ 7,197,605	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2018:

Cash and investments per note	
Carrying amount of deposits	$ 973,646
Investments	7,197,605
Cash on hand	300
Total	$ 8,171,551
Cash and investments per statement of net position	
Governmental activities	$ 8,059,321
Agency funds	112,230
Total	$ 8,171,551

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2018 as reported on the fund financial statements, consist of the following individual interfund loans receivable and payable:

Receivable fund	Payable fund	Amount
General fund	Other grants fund	$ 336,988
General fund	Nonmajor governmental funds	491
Total		$ 337,479

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. Interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2018 are reported on the statement of net position.

B. Interfund transfers for the year ended June 30, 2018, consisted of the following as reported on the fund financial statements:

Transfers from general fund to:	Amount
Adult Education fund	$ 50,000
Permanent Improvement fund	250,000
Nonmajor governmental funds	30,000
Total	$ 330,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed values as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2018 represent the collection of calendar year 2017 taxes. Public utility real and personal property taxes received in calendar year 2018 became a lien on December 31, 2016, were levied after April 1, 2017, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

NOTE 6 - PROPERTY TAXES - (Continued)

The Career Center receives property taxes from Erie, Huron, Ottawa, Sandusky, Seneca, Ashland, Richland and Lorain Counties. The County Auditors periodically advance to the Career Center their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was $1,223,925 in the general fund and $197,632 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2017 was $1,448,682 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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 reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 3,076,742,720	94.99	$ 3,096,794,110	94.49
Public utility personal	162,149,950	5.01	180,579,300	5.51
Total	$ 3,238,892,670	100.00	$ 3,277,373,410	100.00
Tax rate per $1,000 of assessed valuation	$ 3.95		$ 4.45	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables, with the possible exception of accounts receivable related to the Career Center's adult education services, 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.

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 10,590,315
Accounts	523,281
Accrued interest	16,831
Intergovernmental	454,458
Total	$ 11,584,885

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 411,420	$ -	$ -	$ 411,420
Construction in progress	200,000	221,590	(421,590)	-
Total capital assets, not being depreciated	611,420	221,590	(421,590)	411,420
Capital assets, being depreciated:				
Land improvements	128,625	66,503	-	195,128
Buildings and improvements	14,005,553	421,590	-	14,427,143
Furniture and equipment	2,037,955	163,664	-	2,201,619
Vehicles	616,688	-	-	616,688
Total capital assets, being depreciated	16,788,821	651,757	-	17,440,578
Less: accumulated depreciation:				
Land improvements	(14,640)	(12,708)	-	(27,348)
Buildings and improvements	(4,831,815)	(189,472)	-	(5,021,287)
Furniture and equipment	(1,517,842)	(64,473)	-	(1,582,315)
Vehicles	(385,796)	(22,304)	-	(408,100)
Total accumulated depreciation	(6,750,093)	(288,957)	-	(7,039,050)
Governmental activities capital assets, net	$ 10,650,148	$ 584,390	$ (421,590)	$ 10,812,948

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 5,049
Special	3,023
Vocational	214,020
Adult/continuing	10,496
Support services:	
Pupil	1,042
Instructional staff	2,970
Board of education	916
Administration	8,070
Fiscal	789
Business	1,105
Operations and maintenance	32,134
Central	7,521
Food service operations	1,822
Total depreciation expense	$ 288,957

NOTE 9 - LONG-TERM OBLIGATIONS

During fiscal year 2018, the following changes occurred in governmental activities' long-term obligations. The long-term obligations at June 30, 2017 have been restated as described in Note 3.A.

	Restated Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due in One Year
Governmental activities:					
School improvement notes	$ 576,000	$ -	$ (152,000)	$ 424,000	$ 158,000
Energy conservation notes	960,000	-	(120,000)	840,000	120,000
Certificates of participation	6,645,000	-	(230,000)	6,415,000	235,000
Net OPEB liability	6,066,540	-	(1,210,091)	4,856,449	-
Net pension liability	28,655,641	-	(7,747,072)	20,908,569	-
Compensated absences	903,303	8,395	(71,075)	840,623	8,395
Total governmental activities	43,806,484	$ 8,395	$ (9,530,238)	34,284,641	$ 521,395
Add: unamortized premium	33,161			31,527	
Total on statement of net position	$ 43,839,645			$ 34,316,168	

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

School Improvement Notes: On June 30, 2005, the Career Center entered into a note agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the purpose of improving, renovating, furnishing and equipping school buildings. The proceeds of the note were received on July 7, 2005. The initial principal amount of the notes was $1,527,000, with an interest rate of 4.225% and a maturity date of July 1, 2020.

On June 12, 2008, the Career Center entered into a note agreement with the Columbus Regional Airport Authority (through the OASBO Expanded Asset Pooled Financing Program) for the purpose of improving, renovating, furnishing and equipping school buildings. The proceeds of the note were received on June 12, 2008. The initial principal amount of the notes was $400,000, with an interest rate of 4.11% and a maturity date of December 1, 2022.

Principal and interest payments in fiscal year 2018 totaled $152,000 and $25,498, respectively. These amounts are reported as debt service expenditures in the general fund. The following is a summary of the future debt service requirements to maturity for the school improvement notes:

Fiscal Year	Principal	Interest	Total
2019	$ 158,000	$ 18,549	$ 176,549
2020	165,000	11,330	176,330
2021	32,000	3,791	35,791
2022	34,000	2,319	36,319
2023	35,000	780	35,780
Total	$ 424,000	$ 36,769	$ 460,769

Energy Conservation Notes: On June 10, 2010, the Career Center entered into a note agreement with the Ohio School Facilities Commission (through the Qualified School Construction Bonds Program) for the purpose of purchasing and installing energy conservation measures. The proceeds of the note were received on June 24, 2010. The initial principal amount of the notes was $1,800,000, with an interest rate of 5.375% and a maturity date of July 1, 2025. Principal and interest payments in fiscal year 2018 totaled $120,000 and $51,600, respectively. These amounts are reported as debt service expenditures in the general fund. The following is a summary of the future debt service requirements to maturity for the energy conservation notes:

Fiscal Year	Principal	Interest	Total
2019	$ 120,000	$ 45,150	$ 165,150
2020	120,000	38,700	158,700
2021	120,000	32,250	152,250
2022	120,000	25,800	145,800
2023	120,000	19,350	139,350
2024 - 2026	240,000	19,350	259,350
Total	$ 840,000	$ 180,600	$ 1,020,600

The energy conservation project was for building maintenance and repairs, which have not been capitalized by the Career Center.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Certificates of Participation: In August 2012, the Career Center issued $7,500,000 in certificates of participation ("COPs") to finance the acquisition, construction and overall improvement of Career Center facilities. As part of the official agreement, the Career Center's land and buildings are being ground leased to the Agricultural Incubator Foundation (the "Foundation"), who will then sublease the land and buildings back to the Career Center for a series of rental payments. These rental payments will pay for the debt service requirements on the COPs. The COPs bear interest rates ranging from 2.00% to 3.75%. Principal on the COPs is due each October 15, beginning October 15, 2013, through and including October 15, 2037. The Foundation has assigned all of its rights in the transaction to The Huntington National Bank (the "Trustee"), which is serving as the trustee for the COPs. Principal and interest payments in fiscal year 2018 totaled $230,000 and $212,553, respectively. These amounts are reported as debt service expenditures in the general fund.

The obligation of the Career Center under the lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. In the event that sufficient monies are not appropriated or certified, the lease will terminate at the end of the current lease term and the Career Center will have no further obligation to make rental payments. The Trustee, as assignee under the lease assignment, will have certain remedies under the ground lease and the lease, including the right to take possession of the project for the remainder of the term of the ground lease (through October 15, 2037).

The COPs are not a general obligation of the Career Center and are payable only from appropriations by the Career Center for annual lease payments. The following is a summary of the future debt service requirements to maturity for the COPs:

Fiscal Year	Principal	Interest	Total
2019	$ 235,000	$ 206,727	$ 441,727
2020	245,000	199,528	444,528
2021	250,000	192,102	442,102
2022	260,000	184,453	444,453
2023	265,000	176,577	441,577
2024 - 2028	1,455,000	756,588	2,211,588
2025 - 2033	1,700,000	511,405	2,211,405
2034 - 2038	2,005,000	191,306	2,196,306
Total	$ 6,415,000	$ 2,418,686	$ 8,833,686

Compensated Absences: Compensated absences will be paid from the funds from which the employees' salaries are paid, which consists primarily of the general fund and adult education fund.

Net Pension Liability: The Career Center pays obligations related to employee compensation from the fund benefitting from their service. See Note 12 for more information on the Career Center's net pension liability.

Net OPEB Liability: The Career Center pays obligations related to employee compensation from the fund benefitting from their service. See Note 13 for more information on the Career Center's net OPEB liability.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin: The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of $294,963,607 and an unvoted debt margin of $3,277,373.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Sick Leave

Each full time professional staff member is entitled to 15 days sick leave with pay for each year under contract and accrues sick leave at the rate of 1¼ days for each calendar month under contract. Sick leave is cumulative to 330 days for certified employees and 272 days for non-certified employees.

B. Service Retirement Benefits

1. Certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement pay is 25% of the certified employee's accrued, but unused sick leave days at the time of retirement based on their daily rate times the value of the employee's eligible (82.50 days maximum) accrued, but unused sick leave days. Employees must have at least ten years of total retirement service and at least five years of service with the Career Center to become eligible to be entitled to the maximum of 82.50 days.

2. Certified employees who retire during the current contract will be paid $225 for every year of service with the EHOVE Board of Education.

3. Non-certified employees are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is 25% of the non-certified employee's accrued, but unused sick leave days at the time of retirement based on their daily rate times the value of the employee's eligible (68 days maximum) accrued, but unused sick leave days. Non-certified employees must have ten or more years of public service at the time of retirement.

4. Non-certified employees who retire during the current contract will be paid $225 for every year of service with the EHOVE Board of Education.

5. Administration employees, certified, and non-certified non-union staff are eligible for service retirement pay after the Board of Education accepts the employee's resignation. Service retirement is that as set forth in the EHOVE Education Association contract for administrators and as set forth in the Ohio Association of Public School Employees (OAPSE) contract for non-certified employees.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The Career Center is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Career Center maintains comprehensive insurance coverage with private carriers for general liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Losses have not exceeded insurance coverage for the last three years and there has been no significant reduction in insurance coverage from last year.

The Career Center is a member of the Huron-Erie School Employees Insurance Association (the "Association"), a public entity risk pool currently operating as a common risk management and health insurance program for 13 member schools. The Career Center pays a monthly premium to this pool for health, prescription drug and dental. The pool agreement provides that the Association will be self-sustaining through member premiums, and the pool purchased stop-loss coverage from private insurance carriers to cover claims in excess of $250,000 for any employee in a year or to cover aggregate claims in excess of 120% of the prior year's total claims. Individual coverage per person cannot exceed $1,000,000 in claims during his or her lifetime.

In the event of a withdrawal, the Career Center shall assume and be responsible for payment of all claims of its eligible employees, families and dependents from the effective date of withdrawal, regardless of when such claims were incurred, processed, or presented to the Association, insurance provider, insurance consultant, or any other appropriate or authorized person or representative; provided further, any such claims, which are paid after the effective date of withdrawal by the Association insurance provider or insurance consultant, or charged to such parties, shall be reimbursed in full by any withdrawing member upon demand of the Association.

B. Workers' Compensation Rating Plan

The Career Center participates in a workers' compensation retrospective group rating plan (the "Plan"), an insurance purchasing pool (See Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the Plan. Participants in the Plan are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its Plan tier rather than its individual rate. Participation in the Plan is limited to schools than can meet the Plan's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the Plan.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

The Career Center's contractually required contribution to SERS was $387,731 for fiscal year 2018. Of this amount, $16,122 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

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

The Career Center's contractually required contribution to STRS was $1,024,452 for fiscal year 2018. Of this amount, $177,534 is reported as pension and postemployment benefits payable.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Net Pension Liability

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 Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the projected 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	0.08823890%	0.06631422%	
Proportion of the net pension liability current measurement date	0.08763580%	0.06597509%	
Change in proportionate share	(0.00060310)%	(0.00033913)%	
Proportionate share of the net pension liability	$ 5,236,045	$ 15,672,524	$ 20,908,569
Pension expense	$ (229,029)	$ (6,135,287)	$ (6,364,316)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 225,344	$ 605,200	$ 830,544
Changes of assumptions	270,759	3,427,754	3,698,513
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	-	43,799	43,799
Career Center contributions subsequent to the measurement date	387,731	1,024,452	1,412,183
Total deferred outflows of resources	$ 883,834	$ 5,101,205	$ 5,985,039
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 126,314	$ 126,314
Net difference between projected and actual earnings on pension plan investments	24,857	517,210	542,067
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	63,870	237,331	301,201
Total deferred inflows of resources	$ 88,727	$ 880,855	$ 969,582

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

$1,412,183 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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	$ 169,431	$ 621,554	$ 790,985
2020	287,081	1,325,138	1,612,219
2021	72,927	995,653	1,068,580
2022	(122,063)	253,553	131,490
Total	$ 407,376	$ 3,195,898	$ 3,603,274

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	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or ad hoc COLA	2.50 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 completed 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Career Center's proportionate share of the net pension liability	$ 7,266,270	$ 5,236,045	$ 3,535,318

Actuarial Assumptions - STRS Ohio

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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's proportionate share of the net pension liability	$ 22,466,030	$ 15,672,524	$ 9,950,014

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

For fiscal year 2018, Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" was effective. The net OPEB liability has been disclosed below.

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

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Chapter 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 Career Center's surcharge obligation was $22,875.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contractually required contribution to SERS was $37,235 for fiscal year 2018. Of this amount, $23,451 is reported as pension and postemployment benefits payable.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

Net OPEB Liability

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

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.08841089%	0.06631422%	
Proportion of the net OPEB liability current measurement date	0.08504350%	0.06597509%	
Change in proportionate share	(0.00336739)%	(0.00033913)%	
Proportionate share of the net OPEB liability	$ 2,282,344	$ 2,574,105	$ 4,856,449
OPEB expense	$ 103,503	$ (788,068)	$ (684,565)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 148,593	$ 148,593
Career Center contributions subsequent to the measurement date	37,235	-	37,235
Total deferred outflows of resources	$ 37,235	$ 148,593	$ 185,828
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 6,027	$ 110,023	$ 116,050
Changes of assumptions	216,583	207,353	423,936
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	90,214	15,546	105,760
Total deferred inflows of resources	$ 312,824	$ 332,922	$ 645,746

$37,235 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ (112,665)	$ (39,890)	$ (152,555)
2020	(112,665)	(39,890)	(152,555)
2021	(85,988)	(39,890)	(125,878)
2022	(1,506)	(39,889)	(41,395)
2023	-	(12,384)	(12,384)
Thereafter	-	(12,386)	(12,386)
Total	$ (312,824)	$ (184,329)	$ (497,153)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) 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%)
Career Center's proportionate share of the net OPEB liability	$ 2,756,221	$ 2,282,344	$ 1,906,913

	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 %)
Career Center's proportionate share of the net OPEB liability	$ 1,851,951	$ 2,282,344	$ 2,851,976

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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Career Center's proportionate share of the net OPEB liability	$ 3,455,694	$ 2,574,105	$ 1,877,361

	1% Decrease	Current Trend Rate	1% Increase
Career Center's proportionate share of the net OPEB liability	$ 1,788,378	$ 2,574,105	$ 3,608,213

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

The statements of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, the adult education fund and the other grant fund 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 the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

(e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund, the adult education fund and the other grants fund is as follows:

Net Change in Fund Balance

	General	Adult Education	Other Grants
Budget basis	$ (183,443)	$ (72,654)	$ 61,012
Net adjustment for revenue accruals	(361,676)	(25,459)	(107,667)
Net adjustment for expenditure accruals	(11,000)	42,557	96,100
Net adjustment for other sources/uses	(70,019)	-	-
Funds budgeted elsewhere	107,665	-	-
Adjustment for encumbrances	537,639	35,521	675
GAAP basis	$ 19,166	$ (20,035)	$ 50,120

Certain funds that are legally budgeted in separate Career Center fund classifications are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies fund, special rotary fund, and termination benefits fund.

NOTE 15 - CONTINGENCIES

A. Grants

The Career Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

The Career Center is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Career Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Career Center, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments for the fiscal year ended June 30, 2018. As such, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Career Center.

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NOTE 16 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2017	$ -
Current year set-aside requirement	137,198
Current year qualifying expenditures	(511,776)
Current year offsets	(250,000)
Total	$ (624,578)
Balance carried forward to fiscal year 2019	$ -
Set-aside balance June 30, 2018	$ -

NOTE 17 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 435,599
Adult education	21,178
Total	$ 456,777

NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property and business owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Career Center. The EZAs and CRA program are directive incentive tax exemption programs benefiting property and business owners who renovate or construct new buildings or bring new jobs into the area. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock, the development of new structures, and economic growth. Within the taxing districts of the Career Center, certain municipal governments located in the counties of Huron, Erie, Sandusky, and Lorain have entered into such agreements. Under these agreements, the Career Center's property taxes were reduced by $7,191 in Huron County, $35,717 in Erie County, $7,067 in Sandusky County, and $7,956 in Lorain County. The Career Center is not receiving any amounts from the other governments in association with the forgone property tax revenue.

NOTE 19 - SUBSEQUENT EVENT

On July 18, 2018 the Career Center issued certificates of participation (COPs), in the amount of $13,000,000 to pay for the costs of constructing, enlarging and improving, furnishing and equipping, and leasing and eventual acquisition of two buildings on the Career Center's campus. The COPs have an interest rate of 3.45 percent and mature on October 15, 2033.

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REQUIRED SUPPLEMENTARY INFORMATION

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Career Center's proportion of the net pension liability	0.08763580%	0.08823890%	0.08971200%	0.08992800%	0.08992800%
Career Center's proportionate share of the net pension liability	$ 5,236,045	$ 6,458,273	$ 5,119,054	$ 4,551,205	$ 5,347,730
Career Center's covered payroll	$ 2,986,893	$ 2,736,543	$ 2,700,797	$ 2,613,139	$ 2,371,611
Career Center's proportionate share of the net pension liability as a percentage of its covered payroll	175.30%	236.00%	189.54%	174.17%	225.49%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Career Center's proportion of the net pension liability	0.06597509%	0.06631422%	0.06588238%	0.06724957%	0.06724957%
Career Center's proportionate share of the net pension liability	$ 15,672,524	$ 22,197,368	$ 18,207,963	$ 16,357,423	$ 19,484,855
Career Center's covered payroll	$ 7,297,979	$ 6,624,007	$ 6,873,721	$ 6,871,054	$ 6,783,500
Career Center's proportionate share of the net pension liability as a percentage of its covered payroll	214.75%	335.10%	264.89%	238.06%	287.24%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 387,731	$ 418,165	$ 383,116	$ 355,965
Contributions in relation to the contractually required contribution	(387,731)	(418,165)	(383,116)	(355,965)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered payroll	$ 2,872,081	$ 2,986,893	$ 2,736,543	$ 2,700,797
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	362,181	$	328,231	$	312,995	$	283,611	$	387,070	$	200,069
	(362,181)		(328,231)		(312,995)		(283,611)		(387,070)		(200,069)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,613,139	$	2,371,611	$	2,327,100	$	2,256,253	$	2,858,715	$	2,033,222
	13.86%		13.84%		13.45%		12.57%		13.54%		9.84%

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 1,024,452	$ 1,021,717	$ 927,361	$ 962,321
Contributions in relation to the contractually required contribution	(1,024,452)	(1,021,717)	(927,361)	(962,321)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered payroll	$ 7,317,514	$ 7,297,979	$ 6,624,007	$ 6,873,721
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	893,237	$	881,855	$	915,618	$	868,376	$	901,437	$	858,650
	(893,237)		(881,855)		(915,618)		(868,376)		(901,437)		(858,650)
$	-	$	-	$	-	$	-	$	-	$	-
$	6,871,054	$	6,783,500	$	7,043,215	$	6,679,815	$	6,934,131	$	6,605,000
	13.00%		13.00%		13.00%		13.00%		13.00%		13.00%

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
Career Center's proportion of the net OPEB liability	0.08504350%	0.08841089%
Career Center's proportionate share of the net OPEB liability	$ 2,282,344	$ 2,520,038
Career Center's covered payroll	$ 2,986,893	$ 2,736,543
Career Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.41%	92.09%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
Career Center's proportion of the net OPEB liability	0.06597509%	0.06631422%
Career Center's proportionate share of the net OPEB liability	$ 2,574,105	$ 3,546,502
Career Center's covered payroll	$ 7,297,979	$ 6,624,007
Career Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.27%	53.54%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 37,235	$ 28,373	$ 40,405	$ 55,240
Contributions in relation to the contractually required contribution	(37,235)	(28,373)	(40,405)	(55,240)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered payroll	$ 2,872,081	$ 2,986,893	$ 2,736,543	$ 2,700,797
Contributions as a percentage of covered payroll	1.30%	0.95%	1.48%	2.05%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	39,352	$	39,595	$	48,599	$	68,064	$	48,950	$	120,382
	(39,352)		(39,595)		(48,599)		(68,064)		(48,950)		(120,382)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,613,139	$	2,371,611	$	2,327,100	$	2,256,253	$	2,858,715	$	2,033,222
	1.51%		1.67%		2.09%		3.02%		1.71%		5.92%

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered payroll	$ 7,317,514	$ 7,297,979	$ 6,624,007	$ 6,873,721
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 67,650	$ 67,835	$ 70,432	$ 66,798	$ 69,341	$ 66,050
(67,650)	(67,835)	(70,432)	(66,798)	(69,341)	(66,050)
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,871,054	$ 6,783,500	$ 7,043,215	$ 6,679,815	$ 6,934,131	$ 6,605,000
0.98%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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SUPPLEMENTARY INFORMATION

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

	FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
	U.S. DEPARTMENT OF AGRICULTURE			
	Passed Through the Ohio Department of Education			
	Child Nutrition Cluster:			
(C)	School Breakfast Program	10.553	2018	$ 27,112
(C)	National School Lunch Program	10.555	2018	145,140
(D)	National School Lunch Program - Food Donation	10.555	2018	20,090
	Total National School Lunch Program			165,230
	Total U.S. Department of Agriculture and Child Nutrition Cluster			192,342
	U.S. DEPARTMENT OF EDUCATION			
	Passed Through the Ohio Department of Education			
	Adult Education State Grant Program - EL/Civics	84.002	2017	1,122
	Adult Education State Grant Program	84.002	2018	48,880
	Total Adult Education State Grant Program			50,002
	Career and Technical Education Basic Grants to States	84.048	2017	39,356
	Career and Technical Education Basic Grants to States	84.048	2018	196,733
	Career and Technical Education Basic Grants to States - Adult	84.048	2017	36,741
	Career and Technical Education Basic Grants to States - Adult	84.048	2018	108,894
	Total Career and Technical Education Basic Grants to States			381,724
	Direct			
	Student Financial Assistance Cluster:			
	Federal Pell Grant Program	84.063	N/A	595,137
	Federal Direct Student Loans	84.268	N/A	902,885
	Total Student Financial Assistance Cluster			1,498,022
	Total U.S. Department of Education			1,929,748
	Total Federal Financial Assistance			$ 2,122,090

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

(A) OAKS did not assign pass through numbers for fiscal year 2018.

(B) This schedule includes the federal award activity of the EHOVE Career Center under programs of the federal government for the fiscal year ended June 30, 2018 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the EHOVE Career Center, it is not intended to and does not present the financial position or changes in net position of the EHOVE Career Center.

(C) Commingled with state and local revenue from sales of breakfasts lunches; assumed expenditures were made on a first-in, first-out basis.

(D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.

(E) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Career Center has elected not to use the 10% de minimis indirect cost rate.

Julian & Grube, Inc.
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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

EHOVE Career Center
Erie County
316 West Mason Road
Milan, Ohio 44846

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the EHOVE Career Center, Erie County, Ohio, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the EHOVE Career Center's basic financial statements and have issued our report thereon dated December 19, 2018, wherein we noted as discussed in Note 3, the EHOVE Career Center adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 19, 2018

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

EHOVE Career Center
Erie County
316 West Mason Road
Milan, Ohio 44846

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 19, 2018

EHOVE CAREER CENTER
ERIE COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2018

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

EHOVE CAREER CENTER

ERIE 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
MARCH 19, 2019