PENTA CAREER CENTER
WOOD COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Dave Yost · Auditor of State

PENTA CAREER CENTER
WOOD COUNTY

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INDEPENDENT AUDITOR'S REPORT

Penta Career Center
Wood County
9301 Buck Road
Perrysburg, Ohio 43551-3841

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 Penta Career Center, Wood County, Ohio (the Center), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Penta Career Center, Wood County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this 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 March 3, 2017, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

March 3, 2017

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The discussion and analysis of the Penta Career Center's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- The Center's net position of governmental activities increased $1,468,504 which represents a 6.93% increase from 2015.

- General revenues accounted for $25,162,914 in revenue or 69.05 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $11,280,348 or 30.95 percent of total revenues of $36,443,262.

- The Center had $34,974,758 in expenses related to governmental activities; $11,280,348 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.

- The Center's largest major governmental fund is the general fund. The general fund had $28,213,041 in revenues and other financing sources and $27,655,894 in expenditures. During fiscal year 2016, the general fund's fund balance increased $557,147 or 5.30 percent from a balance of $10,518,572 to $11,075,719.

- The fund balance of the permanent improvement fund increased $786,648 or 10.06 percent during fiscal year 2016.

Using this Annual Financial Report

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

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

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities reflect how the Center did financially during fiscal year 2016. These statements include *all assets, deferred outflows, liabilities, deferred inflows, 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 Center's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the Center's programs and services, including instruction, support services, operation and maintenance of plant, extracurricular activities, adult education programs and food service operations.

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 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 Center's Fiduciary Responsibilities

The Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Center also acts in a trustee capacity as an agent for student managed activities. These activities are reported in an agency fund. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the 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 Center's budgetary basis of accounting and net pension liability.

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The table below provides a summary of the Center's net position for June 30, 2016 and June 30, 2015.

Net Position

	Governmental Activities 2016	Governmental Activities 2015
Assets		
Current and other assets	$ 38,820,347	$ 36,357,959
Capital assets	79,399,202	81,399,652
Total assets	118,219,549	117,757,611
Deferred outflows of resources	8,694,090	6,896,698
Liabilities		
Current liabilities	3,576,338	4,011,429
Long-term liabilities:		
Due within one year	2,546,484	2,585,857
Due in more than one year:		
Net pension liability	42,072,681	36,328,245
Other amounts	38,469,195	40,496,570
Total liabilities	86,664,698	83,422,101
Deferred inflows of resources	17,596,320	20,048,091
Net Position		
Net investment in capital assets	44,843,660	44,888,274
Restricted	9,073,442	8,133,729
Unrestricted (deficit)	(31,264,481)	(31,837,886)
Total net position	$ 22,652,621	$ 21,184,117

During 2015, the Center adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

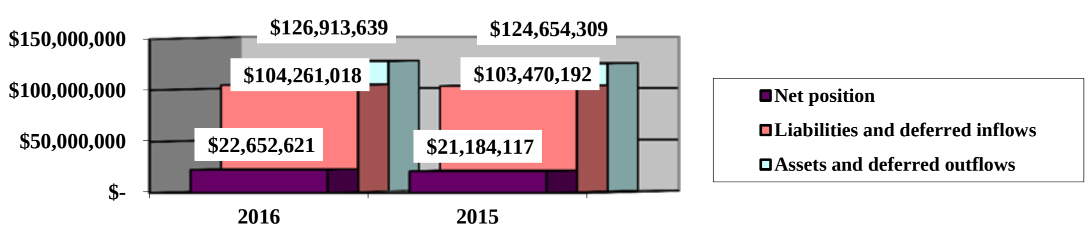
As a result of implementing GASB 68, the Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2016, the Center's assets and deferred outflows exceeded liabilities and deferred inflows by $22,652,621.

At June 30, 2016, capital assets represented 67.16 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures and equipment and vehicles. The net investment in capital assets at June 30, 2016 was $44,843,660. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, $9,073,442, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of $31,264,481. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

Governmental Activities



The table below shows the changes in net position for governmental activities between 2016 and 2015.

Change in Net Position

	Governmental Activities 2016	Governmental Activities 2015
Revenues		
Program revenues:		
Charges for services and sales	$ 2,081,570	$ 1,481,718
Operating grants and contributions	9,198,778	8,928,595
General revenues:		
Property taxes	14,990,113	15,806,350
Payment in lieu of taxes	230,936	384,731
Grants and entitlements	9,636,378	10,575,183
Investment earnings	269,097	190,517
Change in fair value of investments	(62,753)	20,408
Miscellaneous	99,143	35,613
Total revenues	36,443,262	37,423,115

- (Continued)

Change in Net Position - (Continued)

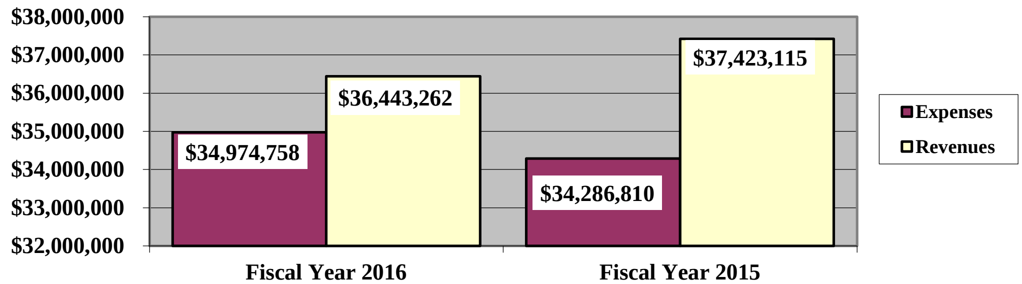
	Governmental Activities 2016	Governmental Activities 2015
Expenses		
Program expenses:		
Instruction:		
Special	$ 890,979	$ 893,062
Vocational	17,447,870	16,688,479
Adult/continuing	1,194,132	974,694
Other	677,966	654,392
Support services:		
Pupil	2,859,695	2,666,841
Instructional staff	2,890,311	2,966,295
Board of education	79,374	75,458
Administration	1,568,822	1,689,329
Fiscal	685,731	646,541
Operations and maintenance	2,995,848	3,282,105
Central	366,412	313,606
Other non-instructional services	269,647	323,316
Food service operations	755,028	769,539
Extracurricular activities	406,761	387,488
Interest and fiscal charges	1,886,182	1,955,665
Total expenses	34,974,758	34,286,810
Change in net position	1,468,504	3,136,305
Net position at beginning of year	21,184,117	18,047,812
Net position at end of year	$ 22,652,621	$ 21,184,117

Governmental Activities

Net position of the Center's governmental activities increased during fiscal year 2016 by $1,468,504. Total revenues decreased 2.62 percent during fiscal year 2016. Property tax revenue decreased by $816,237 during fiscal year 2016. During fiscal year 2016, the Center received less unrestricted state foundation revenue due to the fiscal year 2016 Ohio Department of Education funding report adjustment. Total interest revenues decreased during fiscal year 2016 due to a decrease in the fair market value of the Center's investments that was reported at June 30, 2016. Payment in lieu of tax revenue decreased during fiscal year 2016 as scheduled payments due from businesses were paid in fiscal year 2015. Fiscal year 2016 total expenses increased slightly by 2.01 percent from fiscal year 2015, as a result of a tight control over spending.

The graph below presents the Center's governmental activities revenue and expenses for fiscal year 2016 and 2015.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2016 and 2015. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

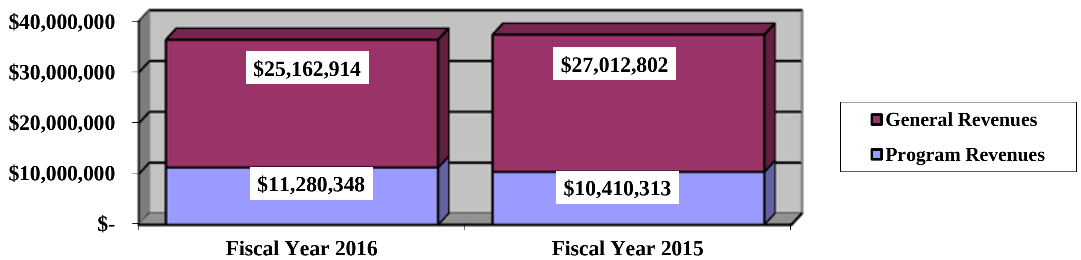
	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Program expenses				
Instruction:				
Special	$ 890,979	$ 546,655	$ 893,062	$ (1,101,424)
Vocational	17,447,870	10,110,806	16,688,479	11,292,945
Adult/continuing	1,194,132	(87,559)	974,694	114,776
Other	677,966	293,378	654,392	448,620
Support services:				
Pupil	2,859,695	2,582,259	2,666,841	2,373,782
Instructional staff	2,890,311	2,605,796	2,966,295	2,527,688
Board of education	79,374	79,374	75,458	75,458
Administration	1,568,822	1,225,718	1,689,329	1,377,551
Fiscal	685,731	685,731	646,541	646,541
Operations and maintenance	2,995,848	2,995,848	3,282,105	3,282,105
Central	366,412	366,412	313,606	313,606
Other non-instructional services	269,647	(41,244)	323,316	83,558
Food service operations	755,028	38,293	769,539	98,138
Extracurricular activities	406,761	406,761	387,488	387,488
Interest and fiscal charges	1,886,182	1,886,182	1,955,665	1,955,665
Total expenses	$ 34,974,758	$ 23,694,410	$ 34,286,810	$ 23,876,497

The dependence upon taxes and other general revenues for governmental activities is apparent; for all governmental activities, general revenue support is 67.75 percent and 69.64 percent for fiscal years 2016 and 2015. The Center's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for Center's students.

Several programs, however, receive significant contributions from program revenues. For instance, 53.75 percent of instruction costs are provided for through program revenues, primarily operating grants and contributions and charges for services which include tuition and fees.

The graph below presents the Center's governmental activities revenue for fiscal years 2016 and 2015.

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance of $20,114,218, which is higher than last year's total of $18,559,393. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Increase
General	$ 11,075,719	$ 10,518,572	$ 557,147
Permanent improvement	8,609,668	7,823,020	786,648
Other Governmental	428,831	217,801	211,030
Total	$ 20,114,218	$ 18,559,393	$ 1,554,825

The fund balance of the Center's other governmental funds increased $211,030 during fiscal year 2016 as a result of an increase of $198,310 in the Adult Education fund, $91,717 in the Food Services fund, $400 in the Vocational Education Enhancement fund, $52,496 in Straight "A" fund, $22,446 in Misc. State Grants fund, and decreases of $103,433 in the Adult Basic Education fund and $50,906 in the Vocational Education fund.

General Fund

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

	2016 Amount	2015 Amount	Percentage Change
Revenues			
Taxes	$ 10,413,200	$ 11,003,400	(5.36) %
Tuition	514,887	446,884	15.22 %
Earnings on investments	184,756	148,249	24.63 %
Intergovernmental	16,253,109	15,728,072	3.34 %
Other revenues	607,727	692,307	(12.22) %
Total	$ 27,973,679	$ 28,018,912	(0.16) %
Expenditures			
Instruction	$ 16,897,822	$ 17,024,591	(0.74) %
Support services	9,784,707	9,598,330	1.94 %
Other non-instructional services	269,647	323,316	(16.60) %
Extracurricular activities	406,761	387,488	4.97 %
Capital outlay	239,362	-	100.00 %
Debt service	57,595	59,640	(3.43) %
Total	$ 27,655,894	$ 27,393,365	0.96 %

The general fund balance increased by $557,147 during fiscal year 2016. Tax revenue decreased 5.36 percent when compared to the prior fiscal year. Tuition revenue increased due to more revenue received from open enrollment through state foundation. The increase in earnings on investments is due to the Center increasing its investment portfolio during fiscal year 2016. Other revenues overall decreased due to the significant decrease in the fair value of investments.

Overall expenditures increased by 0.96 percent during fiscal year 2016. Instructional services decreased only 0.74 percent as a result of tight control over costs. The increase in support services resulted from more classified staff in 2016. The increase in capital outlay and decrease in debt service is due to a capital lease obligation for office equipment that was entered into during fiscal year 2016.

Permanent Improvement Fund

The 10.06 percent increase in the fund balance of the permanent improvement fund is a result of fewer maintenance and construction projects undertaken during fiscal year 2016. During fiscal year 2016, the permanent improvement fund made $2,195,000 and $1,812,988 in current principal and interest payments, respectively, on the certificates of participation. The fund increase of $786,648 was carried over to the next fiscal year resulting in a year end fund balance of $8,609,668.

General Fund Budgeting Highlights

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

During the course of fiscal year 2016, the Center amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were $26,020,314 and $28,172,968, respectively. Actual revenues and other financing sources for fiscal year 2016 were $28,203,126. This represents a $30,158 increase from final budgeted revenues.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were $28,711,025. The Center did not modify appropriations during fiscal year 2016. The actual budget basis expenditures and other financing uses for fiscal year 2016 totaled $28,181,513, which was $529,512 less than the original and final budget appropriations.

Capital Assets

At the end of fiscal 2016, the Center had $79,399,202 invested in land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2016 balances compared to 2015:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2016	2015
Land	$ 7,150,778	$ 7,150,778
Construction in progress	469,952	259,830
Land improvements	1,300,935	1,452,567
Building and building improvements	67,245,850	69,331,244
Furniture and equipment	2,934,375	2,968,053
Vehicles	297,312	237,180
Total	$ 79,399,202	$ 81,399,652

The overall decrease in capital assets of $2,000,450 occurred as a result of the 2016 depreciation expense of $2,792,746, and disposals (net of accumulated depreciation) of $43,433 being more than additions of $835,729.

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

Debt Administration

At June 30, 2016 and June 30, 2015, the Center had the following debt obligations outstanding:

	Governmental Activities	
	2016	2015
Certificates of participation	$ 38,186,012	$ 40,630,885
Capital lease obligation	297,729	114,392
Net pension liability	42,072,681	36,328,245
Total	$ 80,556,422	$ 77,073,522

At June 30, 2016 the Center's overall legal debt margin was $533,133,799 with an unvoted debt margin of $5,923,709.

See Notes 10 and 11 to the basic financial statements for more detail on the Center's debt obligations.

Current Related Financial Activities

The funding formula for career technical education will be slightly different for fiscal year 2017. Career tech weighted funds will be paid to districts outside of the guarantee or cap. This means districts who are on the cap or guarantee will have their formula funding calculated without weighted funds being included. Weighted funds will be calculated separately and paid at the district's state share percentage rate regardless if the district is on the cap or guarantee.

In fiscal year 2017, the legislated per pupil amount will be $6,000 (up from $5,900 in fiscal year 2016).

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Carrie J. Herringshaw, Treasurer, Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551-3841.

PENTA CAREER CENTER
WOOD COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 21,803,822
Receivables:	
Property taxes	16,347,984
Payment in lieu of taxes	362,031
Accounts	20,468
Accrued interest	36,607
Intergovernmental	133,268
Prepayments	101,316
Materials and supplies inventory	4,565
Inventory held for resale	10,286
Capital assets:	
Nondepreciable capital assets	7,620,730
Depreciable capital assets, net	71,778,472
Capital assets, net	79,399,202
Total assets	118,219,549
Deferred outflows of resources:	
Unamortized deferred charges on certificates of participation refunding	3,877,020
Pension - STRS	4,151,492
Pension - SERS	665,578
Total deferred outflows of resources	8,694,090
Liabilities:	
Accounts payable	395,897
Accrued wages and benefits payable	2,440,257
Matured compensated absences payable	107,155
Intergovernmental payable	420,335
Accrued interest payable	212,694
Long-term liabilities:	
Due within one year	2,546,484
Due in more than one year:	
Net pension liability (See Note 14)	42,072,681
Other amounts due in more than one year	38,469,195
Total liabilities	86,664,698
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	14,540,330
Payment in lieu of taxes levied for the next fiscal year	362,031
Pension - STRS	2,513,979
Pension - SERS	179,980
Total deferred inflows of resources	17,596,320
Net position:	
Net investment in capital assets	44,843,660
Restricted for:	
Capital projects	8,487,545
Adult education	394,633
Food service operations	66,054
State funded programs	32,862
Federally funded programs	92,348
Unrestricted (deficit)	(31,264,481)
Total net position	$ 22,652,621

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Special	$ 890,979		$ 344,324	$ (546,655)
Vocational	17,447,870	$ 544,397	6,792,667	(10,110,806)
Adult/continuing.	1,194,132	608,736	672,955	87,559
Other	677,966		384,588	(293,378)
Support services:				
Pupil.	2,859,695	45,777	231,659	(2,582,259)
Instructional staff	2,890,311	4,790	279,725	(2,605,796)
Board of education	79,374			(79,374)
Administration.	1,568,822	192,360	150,744	(1,225,718)
Fiscal.	685,731			(685,731)
Operations and maintenance	2,995,848			(2,995,848)
Central	366,412			(366,412)
Other non-instructional services	269,647	310,891		41,244
Food service operations	755,028	374,619	342,116	(38,293)
Extracurricular activities.	406,761			(406,761)
Interest and fiscal charges	1,886,182			(1,886,182)
Total governmental activities	$ 34,974,758	$ 2,081,570	$ 9,198,778	(23,694,410)
General revenues:				
Property taxes levied for:				
General purposes				10,376,816
Capital outlay.				4,613,297
Payments in lieu of taxes				230,936
Grants and entitlements not restricted to specific programs				9,636,378
Investment earnings				269,097
Decrease in fair value of investments				(62,753)
Miscellaneous				99,143
Total general revenues				25,162,914
Change in net position				1,468,504
Net position at beginning of year				21,184,117
Net position at end of year				$ 22,652,621

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents.	$ 12,777,818	$ 8,325,681	$ 700,323	$ 21,803,822
Receivables:				
Property taxes.	11,433,113	4,914,871		16,347,984
Payment in lieu of taxes	362,031			362,031
Accounts	18,656		1,812	20,468
Accrued interest	36,607			36,607
Interfund loans	159,426			159,426
Intergovernmental.			133,268	133,268
Prepayments.	101,316			101,316
Materials and supplies inventory.			4,565	4,565
Inventory held for resale.			10,286	10,286
Total assets	24,888,967	13,240,552	850,254	38,979,773
Liabilities:				
Accounts payable	$ 202,220	$ 177,945	$ 15,732	$ 395,897
Accrued wages and benefits payable.	2,366,622		73,635	2,440,257
Matured compensated absences payable	107,155			107,155
Intergovernmental payable.	373,791		46,544	420,335
Interfund loans payable			159,426	159,426
Total liabilities.	3,049,788	177,945	295,337	3,523,070
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	10,177,962	4,362,368		14,540,330
Payment in lieu of taxes levied for the next fiscal year.	362,031			362,031
Delinquent property tax revenue not available. . .	203,707	90,571		294,278
Intergovernmental revenue not available			126,086	126,086
Accrued interest not available.	19,760			19,760
Total deferred inflows of resources.	10,763,460	4,452,939	126,086	15,342,485
Total liabilities and deferred inflows of resources .	13,813,248	4,630,884	421,423	18,865,555
Fund balances:				
Nonspendable:				
Materials and supplies inventory			4,565	4,565
Prepaids.	101,316			101,316
Restricted:				
Capital improvements		8,609,668		8,609,668
Adult education			421,899	421,899
Food service operations			89,863	89,863
State funded programs.			32,862	32,862
Committed:				
Education foundation	4,547,661			4,547,661
Assigned:				
Student instruction	75,018			75,018
Student and staff support.	378,788			378,788
Extracurricular activities	19,766			19,766
Subsequent year appropriations	351,940			351,940
Other purposes	171,643			171,643
Unassigned	5,429,587		(120,358)	5,309,229
Total fund balances	11,075,719	8,609,668	428,831	20,114,218
Total liabilities, deferred inflows and fund balances .	$ 24,888,967	$ 13,240,552	$ 850,254	$ 38,979,773

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total governmental fund balances		
Amounts reported for governmental activities on the statement of net position are different because:		$ 20,114,218
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		79,399,202
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 294,278	
Accrued interest receivable	19,760	
Intergovernmental receivable	126,086	
Total		440,124
Unamortized premiums on certificates of participation are not recognized in the funds.		(2,936,012)
Unamortized deferred outflows from refunding of certificates of particpation are not recognized in the funds.		3,877,020
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(212,694)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows of resources are not reported in governmental funds:		
Deferred outflows of resources - pension	4,817,070	
Deferred inflows of resources - pension	(2,693,959)	
Net pension liability	(42,072,681)	
Total		(39,949,570)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(35,250,000)	
Capital lease obligations	(297,729)	
Compensated absences	(2,531,938)	
Total		(38,079,667)
Net position of governmental activities		$ 22,652,621

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 10,413,200	$ 4,623,026		$ 15,036,226
Payment in lieu of taxes	230,936			230,936
Tuition	514,887		$ 819,339	1,334,226
Earnings on investments	184,756	78,983		263,739
Decrease in fair value of investments	(62,753)			(62,753)
Charges for services			374,619	374,619
Contract services	289,219		900	290,119
Extracurricular	51,182			51,182
Classroom materials and fees			31,424	31,424
Contributions and donations	8,550			8,550
Other local revenues	90,593		2,568	93,161
Intergovernmental - state	16,253,109	693,032	853,413	17,799,554
Intergovernmental - federal			1,118,700	1,118,700
Total revenues	27,973,679	5,395,041	3,200,963	36,569,683
Expenditures:				
Current:				
Instruction:				
Special	805,894			805,894
Vocational	15,543,332	27,052	46,756	15,617,140
Adult/continuing	31,976		1,162,052	1,194,028
Other	516,620		163,521	680,141
Support services:				
Pupil	2,519,772		266,200	2,785,972
Instructional staff	2,565,534		294,043	2,859,577
Board of education	66,135			66,135
Administration	1,323,403		302,410	1,625,813
Fiscal	662,083	63,560		725,643
Operations and maintenance	2,281,308	325,959		2,607,267
Central	366,472			366,472
Operation of non-instructional services:				
Other operation of non-instructional	269,647			269,647
Food service operations			625,018	625,018
Extracurricular activities	406,761			406,761
Facilities acquisition and construction		183,834	127,570	311,404
Capital outlay	239,362			239,362
Debt service:				
Principal retirement	53,817	2,195,000	2,208	2,251,025
Interest and fiscal charges	3,778	1,812,988	155	1,816,921
Total expenditures	27,655,894	4,608,393	2,989,933	35,254,220
Excess of revenues over expenditures	317,785	786,648	211,030	1,315,463
Other financing sources:				
Capital lease transaction	239,362			239,362
Total other financing sources	239,362			239,362
Net change in fund balances	557,147	786,648	211,030	1,554,825
Fund balances at beginning of year	10,518,572	7,823,020	217,801	18,559,393
Fund balances at end of year	$ 11,075,719	$ 8,609,668	$ 428,831	$ 20,114,218

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

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, 2016

Net change in fund balances - total governmental funds		$ 1,554,825
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated estimated useful lives as depreciation expense.		
Capital asset additions	$ 835,729	
Current year depreciation	(2,792,746)	
Total		(1,957,017)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(43,433)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(46,113)	
Earnings on investments	5,358	
Intergovernmental	(85,666)	
Total		(126,421)
Repayment of 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	2,195,000	
Capital leases	56,025	
Total		2,251,025
Issuance of capital leases are recorded as other financing uses in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(239,362)
In the statement of activities, interest is accrued on outstanding certificates of particpation, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	10,825	
Amortization of certificates of participation premium	249,873	
Amortization of deferred charges on certificates of particpation refundings	(329,959)	
Total		(69,261)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		2,392,376
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,099,440)
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.		(194,788)
Change in net position of governmental activities		$ 1,468,504

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	$ 43,410	$ 45,590
Total assets	43,410	$ 45,590
Liabilities:		
Accounts payable	2,596	
Due to students		45,590
Total liabilities	2,596	$ 45,590
Net position:		
Held in trust for scholarships	40,814	
Total net position	$ 40,814	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	$ 24,306
Total additions.	24,306
Deductions:	
Scholarships awarded	24,175
Change in net position	131
Net position at beginning of year	40,683
Net position at end of year	$ 40,814

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CENTER

Penta Career Center (Center) is a distinct political subdivision of the State of Ohio operated under the direction of a nine member Board of Education consisting of a representative from the participating school districts' elected Boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg and Rossford; one representative from each of the three counties: Fulton, Ottawa, and Lucas; and two representatives from Wood. The Board possesses its own budgeting and taxing authority. The Center exposes students to job training skills leading to employment upon graduation from high school.

The Center was established in 1964. The Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. It is staffed by 83 classified employees, 198 certified teaching personnel and 17 administrative employees who provide services to 1,901 students and other community members. The Center currently operates one instructional building.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Center. For the Center, this includes general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's Governing Board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the 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 Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. 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 Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association
The Center is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2016, the Center paid $94,156 to NWOCA for various services. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, Archbold, Ohio 43502.

Northern Buckeye Education Council
The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, Archbold, Ohio 43502.

Ohio Schools' Council
The Ohio Schools' Council (Council) is a consortium of 201 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards in 33 northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of eight superintendents from member districts whose term rotates every year. The degree of control exercised by any district is limited to its representation on the Board. In fiscal year 2016 the Center participated in the Power4Schools Electric program. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio, 44131.

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

INSURANCE POOLS

Ohio School Plan
The Center participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a thirteen member Board consisting of individual representatives from various Plan members. Hylant Administrative Services is the Plan's administrator and is responsible for processing claims, sales, and customer service. Financial information can be obtained from Hylant Administrative Services, LLC, 811 Madison Avenue, P.O. Box 2083, Toledo, Ohio 43603-2083

Workers' Compensation Group Rating Plan
The Center participates in a group rating plan (GRP) through the Ohio Schools Council, administered by Sheakley, for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The Center pays a fee to the GRP to cover the costs of administering the program.

Wood County Schools Benefit Plan Association
The Wood County Schools Benefit Plan Association (Association) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, the Center, and an educational service center. The Association is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information may be obtained from Huntington Retirement Plan Services, 519 Madison Avenue - 3rd Floor, Toledo, Ohio 43604.

B. Basis of Presentation

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

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

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

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

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

C. Fund Accounting

The Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The 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 and liabilities and deferred inflows of resources is reported as fund balance. The following are the Center's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement Capital Projects Fund accounts for property taxes restricted for the acquisition, construction, or improvement of capital facilities.

Other governmental funds of the Center are used to account for specific revenue sources that are restricted or committed to expenditures for specified purposes.

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. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency fund accounts for various student-managed activities.

D. Measurement Focus

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

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

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

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

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

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

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, contract services, 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 Center, See Note 14 for deferred outflows of resources related the Center's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 Center, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. 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 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.

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

For the Center, See Note 14 for deferred inflows of resources related to the Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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.

Unpaid contractually required pension obligations due at year end (See Notes 14 and 15) are recorded as liabilities and expenses/expenditures in both the government-wide and fund financial statements.

F. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the estimate of revenues, certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The estimate of revenues provides information regarding the estimated revenues for all funds, along with a schedule of outstanding general obligation debt. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level for these funds are made by the Treasurer. Although the legal level of control was established at the fund level of expenditures, the Center has elected to present the general fund's budgetary statement comparison at the fund and function level of expenditures.

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

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

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

G. Cash and Investments

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

During fiscal year 2016, the Center's investments included nonnegotiable certificates of deposit, commercial paper, federal agency securities, negotiable certificates of deposit, U.S. Government money markets, mutual funds and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market price or current share price. 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 does operate in a manner consist with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on June 30, 2016.

The Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2016 was $184,756, which includes $35,344 assigned from other Center funds.

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

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

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the cost and donated commodities are presented at their entitlement value.

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated food and purchased food.

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

J. Unamortized Premium/Deferred Charges and Issue Costs

On government-wide financial statements, premiums on issuance of certificates of participation are amortized over the term of the issue using the straight-line method. Premiums are presented as an addition to the face amount of the certificates of participation.

On government-wide financial statements, for an advance refunding resulting in the defeasance of certificates, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow.

On the governmental fund financial statements, issuance costs, premiums, and deferred charges from refunding are recognized in the current period.

K. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Center had no restricted assets at June 30, 2016.

L. 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 retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of $5,000 for its general capital assets. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land 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	Useful lives
Land improvements	15 - 40 years
Buildings and building improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 10 years
Technology	3 - 5 years

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

M. Interfund Balances

On 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.

N. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. The liability includes earned sick leave to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the Center's past experience of making termination payments.

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

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

O. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, net pension liability and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Certificates of participation and capital leases are recognized as liabilities on the fund financial statements when due.

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

P. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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 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 the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Q. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

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

R. Interfund Activity

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

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

S. 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.

T. Pensions

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

U. Fair Market Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2016, the Center has implemented GASB Statement No. 72, *"Fair Value Measurement and Application"*, GASB Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68",* GASB Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, and GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"*.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Center.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Center.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Center.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Center.

B. Deficit Fund Balances

Fund balances at June 30, 2016 included the following individual fund deficits:

Nonmajor funds	Deficit
Adult basic education	$ 70,138
Vocatonal education	50,220

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 Center into three categories.

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

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

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

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 or Ohio local governments;

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,

NOTE 4 - DEPOSITS AND INVESTMENTS- (Continued)

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

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

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

A. Cash on Hand

At fiscal year end, the Center had $1,091 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all Center deposits was $6,196,359. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, $595,185 of the Center's bank balance of $6,237,248 was exposed to custodial risk as discussed below, while $5,642,063 was covered by the FDIC.

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

NOTE 4 - DEPOSITS AND INVESTMENTS- (Continued)

C. Investments

As of June 30, 2016, the Center had the following investments and maturities:

		Investment Maturities				
Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	$ 6,607	$ 6,607				
U.S. Government money market	1,184,117	1,184,117				
Mutual funds	4,504,627	4,504,627				
Commercial paper	496,730		$ 496,730			
Negotiable CDs	4,750,265	248,382	248,900	$ 1,744,188	$ 498,405	$ 2,010,390
FHLMC	3,751,091			1,000,040		2,751,051
FNMA	1,001,935					1,001,935
Total	$ 15,695,372	$ 5,943,733	$ 745,630	$ 2,744,228	$ 498,405	$ 5,763,376

The weighted average maturity of investments is 1.57 years.

The Center's investments in federal agency securities, negotiable certificates of deposit, commercial paper and mutual funds are valued using quoted market prices (Level 1 inputs).

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

Credit Risk: The Center has no policy dealing with credit risk beyond the requirements of State statute. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The mutual funds carry a rating of Aaa by Moodys. The Center's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The investment in commercial paper was rated A1 and P1 by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market and the negotiable CDs were not rated.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS- (Continued)

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2016:

Investment type	Fair value	% to total
STAR Ohio	$ 6,607	0.04
U.S. Government money market	1,189,117	7.58
Mutual funds	4,499,627	28.67
Commercial paper	496,730	3.16
Negotiable CDs	4,750,265	30.27
FHLMC	3,751,091	23.90
FNMA	1,001,935	6.38
Total	$ 15,695,372	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, 2016:

Cash and investments per note	
Carrying amount of deposits	$ 6,196,359
Investments	15,695,372
Cash on hand	1,091
Total	$ 21,892,822

Cash and investments per statement of net position	
Governmental activities	$ 21,803,822
Private-purpose trust funds	43,410
Agency funds	45,590
Total	$ 21,892,822

NOTE 5 - INTERFUND TRANSACTIONS

At June 30, 2016, the general fund had a short-term interfund receivable, in the amount of $159,426, from other governmental funds as a result of providing cash flow resources until the receipt of grant monies.

The short-term interfund loans are expected to be repaid in the next fiscal year.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2015, 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 2016 represent the collection of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was $1,051,444 in the general fund and $461,932 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2015 was $1,618,421 in the general fund and $676,115 in the permanent improvement 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, 2016 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 full 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 2016 taxes were collected are:

NOTE 6 - PROPERTY TAXES – (Continued)

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 5,421,635,180	94.90	$ 5,535,206,960	93.44
Public utility personal	291,421,000	5.10	388,501,920	6.56
Total	$ 5,713,056,180	100.00	$ 5,923,708,880	100.00
Tax rate per $1,000 of assessed valuation		$ 3.20		$ 3.20

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Lucas and Wood Counties have entered into agreements with a number of property owners under which the Counties have granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the Counties to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The Center received $230,936 in payments in lieu of taxes as a result of these agreements during fiscal year 2016 and a receivable of $362,031 has been reported on the statement of net position.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2016 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes and payments in lieu of taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivable follows:

Governmental activities:	Amount
Other nonmajor governmental funds:	
Adult Basic Education	$ 81,154
Vocational education	52,114
Total intergovernmental receivables	$ 133,268

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 06/30/15	Additions	Deductions	Balance 06/30/16
Governmental activities:				
Nondepreciable capital assets:				
Land	$ 7,150,778			$ 7,150,778
Construction in progress	259,830	$ 210,122		469,952
Total nondepreciable capital assets	7,410,608	210,122		7,620,730
Depreciable capital assets:				
Land improvements	2,688,547	23,000		2,711,547
Buildings and building improvements	83,763,006	31,289		83,794,295
Furniture, fixtures and equipment	6,744,126	441,882	$ (197,538)	6,988,470
Vehicles	1,120,502	129,436	(63,873)	1,186,065
Total depreciable capital assets	94,316,181	625,607	(261,411)	94,680,377
Less: accumulated depreciation				
Land improvements	(1,235,980)	(174,632)		(1,410,612)
Buildings and building improvements	(14,431,762)	(2,116,683)		(16,548,445)
Furniture, fixtures and equipment	(3,776,073)	(434,139)	156,117	(4,054,095)
Vehicles	(883,322)	(67,292)	61,861	(888,753)
Total accumulated depreciation	(20,327,137)	(2,792,746)	217,978	(22,901,905)
Depreciable capital assets, net	73,989,044	(2,167,139)	(43,433)	71,778,472
Governmental activities capital assets, net	$ 81,399,652	$ (1,957,017)	$ (43,433)	$ 79,399,202

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Special	$ 99,191
Vocational	1,791,514
Adult/continuing	19,681
Support services:	
Pupil	164,288
Instructional staff	40,292
Board of education	13,239
Administration	48,098
Fiscal	7,997
Operations and maintenance	483,915
Food service operations	124,531
Total depreciation expense	$2,792,746

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

In previous fiscal years and during fiscal year 2016, the Center entered into capital lease agreements for office equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized and depreciated as follows:

Governmental activities	
Capital assets, being depreciated:	
Furniture, fixtures and equipment	$ 273,862
Less: accumulated depreciation	
Furniture, fixtures and equipment	(27,312)
Total capital assets, being depreciated, net	$ 246,550

Leased equipment with a net book value amounting to $51,179 has not been capitalized by the Center.

The following is a schedule of the future long-term minimum lease payments required under capital lease and the present value of the minimum lease payments as of June 30, 2016.

Fiscal Year Ending June 30,	Governmental Activities
2017	$ 117,347
2018	57,576
2019	57,576
2020	57,576
2021	57,576
	347,651
Less: amount representing interest	(49,922)
Present value of minimum lease payments	$ 297,729

NOTE 11 - LONG-TERM OBLIGATIONS

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

Governmental activities:	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Amounts due in one year
2012 Refunding Certificates of participation, 2.0-5.25%	$37,445,000		$ (2,195,000)	$ 35,250,000	$ 2,290,000
Premium on certificates of participatior	3,185,885		(249,873)	2,936,012	
Capital lease obligation	114,392	$ 239,362	(56,025)	297,729	98,509
Compensated absences payable	2,337,150	628,966	(434,178)	2,531,938	157,975
Net pension liability:					
STRS	31,179,444	4,922,856		36,102,300	
SERS	5,148,801	821,580		5,970,381	
Total net pension liability	36,328,245	5,744,436		42,072,681	
Total governmental activities long-term obligations	$79,410,672	$ 6,612,764	$ (2,935,076)	$ 83,088,360	$ 2,546,484

Compensated Absences - Compensated absences will be paid from the general fund and the food service, various adult education funds, and vocational education special revenue funds.

Net Pension Liability: See Note 14 for information on the Center's net pension liability. The Center pays obligations related to employee compensation from the fund benefitting from their service.

Legal Debt Margin - The Center's overall debt margin was $533,133,799 with an unvoted debt margin of $5,923,709 at June 30, 2016.

2012 Certificates of Participation - On April 25, 2012, the Center issued $43,810,000 in Certificates of Participation for the purpose of advance refunding the remaining outstanding principal amount of $54,710,000 of the 2004 Certificates of Participation. The Center made a cash contribution of $8,000,000 and used debt service reserve funds of $4,197,000 in the refunding transaction, which was included in the $59,305,511 payment to refunding escrow agent. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded 2004 Certificates of Participation at June 30, 2016, is $50,040,000.

The 2012 issue is comprised of current interest serial coupons, par value $43,810,000. Interest on the 2012 Certificates of Participation, ranging from 2.00%-5.25%, will be paid each April 1 and October 1, commencing October 1, 2012. The principal payments began April 1, 2013, and the final payment is April 1, 2028.

NOTE 11 - LONG-TERM OBLIGATIONS – (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by $5,251,849. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 22 years by $24,779,493 and resulted in an economic gain of $4,020,197.

The Center entered into an amended and restated lease agreement dated April 15, 2012, which amended and restated the terms of the original lease in connection with the issuance of the 2012 Certificates of Participation and the outstanding 2004 Certificates of Participation. The amended and restated lease consists of renewable one-year (or partial) lease terms, which run through 2028, and expire annually at the end of the Center's fiscal year, with the exception of the final term, which will expire April 1, 2028. The lessor, Agricultural Incubator Foundation, assigned to Huntington National Bank, all of its rights, title, and interests under the amended and restated ground lease, dated April 15, 2012.

The obligation of the Center under the amended and restated 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. At that time, title will be transferred to the Center. In the event the Center defaults on the lease, after thirty days the lessor may lease the campus to a new tenant. Under terms of the lease agreement, the Center may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a one mill permanent improvement property tax levy.

The Certificates of Participation are not a general obligation of the Center and are payable only from appropriations by the Center for annual lease payments.

Principal and interest requirements to retire the debt outstanding at June 30, 2016, were as follows:

Fiscal	Certificates of Participation		
Year Ending	Principal	Interest	Total
2017	$ 2,290,000	$ 1,725,187	$ 4,015,187
2018	2,375,000	1,633,588	4,008,588
2019	2,470,000	1,538,587	4,008,587
2020	2,595,000	1,415,088	4,010,088
2021	2,725,000	1,285,337	4,010,337
2022 - 2026	15,865,000	4,193,001	20,058,001
2027 - 2029	6,930,000	452,925	7,382,925
Total	$ 35,250,000	$12,243,713	$ 47,493,713

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn up to twenty-one days of vacation per year. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty-five days for all employees, with the exception of the superintendent and treasurer who may accumulate up to a maximum of three-hundred-twenty days. Upon retirement, with 15 consecutive years of service with the Center, payment is made for 25 or 28 percent of accrued but unused sick leave credit to a maximum of 79.8 days.

B. Health Care Benefits

The Center offers employee, medical and dental benefits through the Wood County Insurance Consortium. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on the terms of the union contract. The Center provides life insurance and accidental death and dismemberment insurance to most employees through American United Life. Vision coverage is provided through Vision Service Plan.

C. Separation Benefits

The Center provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System, that has fifteen years of service with the Center, will be paid $2,000 if notification of pending retirement is submitted in writing to the Superintendent no later than January 1 for retirement effective at the end of the current school year or prior to the following school year. At June 30, 2016, the Center had no separation benefits payable.

NOTE 13 - RISK MANAGEMENT

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the Center contracted for the following insurance coverage.

Coverage provided by the Netherlands Insurance Company is as follows:

Building	$118,928,832
Data compromise	100,000
Equipment breakdown	250,000
Commercial crime	100,000/200,000
Computer equipment	2,276,960
Rented equipment & tools	75,000
Automobile liability	1,000,000

Coverage provided by Ohio School Plan is as follows:

Educational general liability	
Per occurrence	$3,000,000
General aggregate	5,000,000
Employer's liability	3,000,000
Educational legal liability	
Errors and omissions	3,000,000
Aggregate	5,000,000
Fiduciary/Employee Benefits liability	
Errors and omissions	3,000,000
Aggregate	5,000,000
Violence coverage	1,000,000
Cyber coverage	1,000,000
Pollution coverage	1,000,000

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

For fiscal year 2016, the Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverages and deductibles selected by the participant.

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

NOTE 13 - RISK MANAGEMENT – (Continued)

The Center participates in the Wood County School Benefit Plan Association (Association), a public entity shared risk pool of six local districts, two exempted village school districts, a city school district, the Center, and an educational service center. The Center pays monthly premiums to the Association for employee medical and dental benefits. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The Center's contractually required contribution to SERS was $459,204 for fiscal year 2016. Of this amount, $60,916 is reported as pension and postemployment benefits payable.

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $1,933,172 for fiscal year 2016. Of this amount, $263,676 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate share of the net pension liability	$ 5,970,381	$ 36,102,300	$ 42,072,681
Proportion of the net pension liability	0.10463160%	0.13062996%	
Pension expense	$ 418,507	$ 1,680,933	$ 2,099,440

At June 30, 2016, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

At June 30, 2016, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 95,312	$ 1,641,518	$ 1,736,830
Changes in proportionate share	111,062	576,802	687,864
District contributions subsequent to the measurement date	459,204	1,933,172	2,392,376
Total deferred outflows of resources	$ 665,578	$ 4,151,492	$ 4,817,070
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 179,980	$ 2,513,979	$ 2,693,959

$2,392,376 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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:			
2017	$ (30,834)	$ (415,673)	$ (446,507)
2018	(30,834)	(415,673)	(446,507)
2019	(30,837)	(415,674)	(446,511)
2020	118,899	951,361	1,070,260
Total	$ 26,394	$ (295,659)	$ (269,265)

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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.75 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 (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 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 (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	$ 8,278,772	$ 5,970,381	$ 4,026,524

Changes Between Measurement Date and Report Date

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

NOTE 14 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	$ 50,148,818	$ 36,102,300	$ 24,223,874

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. 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 2016, the Center's surcharge obligation was $43,463.

The Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $43,463, $68,472, and $45,397, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

B. State Teachers Retirement System

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

NOTE 15 - POSTEMPLOYMENT BENEFITS – (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $0, and $145,851, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

NOTE 16 - CONTINGENCIES

A. Grants

The 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 Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, joint vocational 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 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 to the June 30, 2016 Foundation funding for the Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the Center.

NOTE 17 - SET- ASIDES

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

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

NOTE 17 - SET- ASIDES – (Continued)

	Capital Improvements
Set-aside balance June 30, 2015	
Current year set-aside requirement	$ 343,071
Current year qualifying expenditures	(304,142)
Current year offsets	$ (38,929)
Set-aside balance June 30, 2016	

NOTE 18 - COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 475,064
Permanent improvement	251,772
Other governmental	119,447
Total	$ 846,283

B. The Center entered into a contract with Spieker Company to perform building modifications in relation to school security. The contract amount was $169,000 and the work was performed in July and August 2016.

PENTA CAREER CENTER
WOOD COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues:				
From local sources:				
Property taxes	$ 10,093,989	$ 10,929,062	$ 10,980,177	$ 51,115
Tuition	483,691	514,887	514,887	
Earnings on investments	60,033	65,000	75,067	10,067
Contract services			12,387	12,387
Other local revenues	42,485	46,000	15,593	(30,407)
Intergovernmental - state	15,015,098	16,266,113	16,253,109	(13,004)
Total revenues	25,695,296	27,821,062	27,851,220	30,158
Expenditures:				
Current:				
Instruction:				
Special	834,614	834,614	822,938	11,676
Vocational	15,970,683	15,970,683	15,880,685	89,998
Other	561,145	561,145	554,261	6,884
Support services:				
Pupil	2,686,657	2,686,657	2,560,457	126,200
Instructional staff	2,550,479	2,550,479	2,602,594	(52,115)
Board of education	85,492	85,492	70,879	14,613
Administration	1,379,008	1,379,008	1,418,641	(39,633)
Fiscal	736,953	736,953	737,387	(434)
Operations and maintenance	2,716,599	2,716,599	2,569,856	146,743
Central	456,243	456,243	379,567	76,676
Other operation of non-instructional services	20,000	20,000	19,700	300
Extracurricular activities	403,152	403,152	405,122	(1,970)
Total expenditures	28,401,025	28,401,025	28,022,087	378,938
Excess of expenditures over revenues	(2,705,729)	(579,963)	(170,867)	409,096
Other financing sources (uses):				
Refund of prior year expenditures	11,944	12,932	12,932	
Advances in	313,074	338,974	338,974	
Advances out	(310,000)	(310,000)	(159,426)	150,574
Total other financing sources (uses)	15,018	41,906	192,480	150,574
Net change in fund balance	(2,690,711)	(538,057)	21,613	559,670
Fund balance at beginning of year	6,826,519	6,826,519	6,826,519	
Prior year encumbrances appropriated	502,726	502,726	502,726	
Fund balance at end of year	$ 4,638,534	$ 6,791,188	$ 7,350,858	$ 559,670

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The schedule of revenues, expenditures, and changes in fund balance - budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are as follows:

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

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

4. While not legally required, the Career Center budgets advances-in and advances-out as operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Investments are reported as fair value (GAAP basis) rather than cost (budget basis).

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

The following table summarizes the adjustments necessary to reconcile the GAAP statement and budgetary basis schedule for the General Fund:

	General
Budget basis	$ 21,613
Net adjustment for revenue accruals	(482,894)
Net adjustment for expenditure accruals	105,859
Net adjustment for other sources/(uses)	46,882
Fund budgeted elsewhere*	221,697
Adjustment for encumbrances	643,990
GAAP basis	$ 557,147

**Certain funds that are legally budgeted in separate special revenue and agency funds are considered part of the general fund on a GAAP basis. This includes the rotary, other grant, and education foundation special revenue funds.

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2015	2014	2013
Career Center's proportion of the net pension liability	0.10463160%	0.10173600%	0.10173600%
Career Center's proportionate share of the net pension liability	$ 5,970,381	$ 5,148,801	$ 6,049,913
Career Center's covered-employee payroll	$ 3,149,954	$ 2,956,241	$ 3,830,354
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	189.54%	174.17%	157.95%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2015	2014	2013
Career Center's proportion of the net pension liability	0.13062996%	0.12818671%	0.12818671%
Career Center's proportionate share of the net pension liability	$ 36,102,300	$ 31,179,444	$ 37,140,750
Career Center's covered-employee payroll	$ 13,789,736	$ 13,097,146	$ 14,650,046
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.81%	238.06%	253.52%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	$ 459,204	$ 415,164	$ 409,735	$ 530,121
Contributions in relation to the contractually required contribution	(459,204)	(415,164)	(409,735)	(530,121)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 3,280,029	$ 3,149,954	$ 2,956,241	$ 3,830,354
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
$ 350,306	$ 377,538	$ 504,791	$ 333,362	$ 322,352	$ 347,556
(350,306)	(377,538)	(504,791)	(333,362)	(322,352)	(347,556)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,604,506	$ 3,003,484	$ 3,728,146	$ 3,387,825	$ 3,282,607	$ 3,254,270
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	$ 1,933,172	$ 1,930,563	$ 1,702,629	$ 1,904,506
Contributions in relation to the contractually required contribution	(1,933,172)	(1,930,563)	(1,702,629)	(1,904,506)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 13,808,371	$ 13,789,736	$ 13,097,146	$ 14,650,046
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
$ 1,820,698	$ 1,874,464	$ 1,832,757	$ 1,874,678	$ 1,859,260	$ 1,783,020
(1,820,698)	(1,874,464)	(1,832,757)	(1,874,678)	(1,859,260)	(1,783,020)
$ -	$ -	$ -	$ -	$ -	$ -
$ 14,005,369	$ 14,418,954	$ 14,098,131	$ 14,420,600	$ 14,302,000	$ 13,715,538
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2015 - 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

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 - 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

PENTA CAREER CENTER
WOOD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR / ***Pass through Grantor*** / Program Title/Cluster Title	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Disbursements**
UNITED STATES DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
National School Lunch Program:				
Cash Assistance	10.555	2016		$241,553
Non-Cash Assistance (Food Distribution)	10.555	2016		48,004
Total National School Lunch Program				289,557
School Breakfast Program	10.553	2016		130,545
Total U.S. Department of Agriculture				420,102
UNITED STATES DEPARTMENT OF EDUCATION				
Direct Program				
Federal Pell Grant Program	84.063	2016		130,545
Passed Through Four County Career Center				
Career and Technical Education - Basic Grants to States	84.048	2016		15,835
Passed Through Ohio Department of Education				
Career and Technical Education - Basic Grants to States	84.048	2015		47,210
		2016		370,161
Total Career and Technical Education - Basic Grants to States				433,206
Adult Education - Basic Grants to States	84.002	2015	$23,039	52,961
		2016	68,734	424,909
Total Adult Education - Basic Grants to States			91,773	477,870
Supporting Effective Instruction State Grant	84.367	2016		4,124
Total United States Department of Education			91,773	1,045,745
Total Expenditures of Federal Awards			$91,773	$1,465,847

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Penta Career Center (the Center's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - SUBRECIPIENTS

The Center passes certain federal awards received from the Ohio Department of Education to other governments (subrecipients). As Note B describes, the Center reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Center has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Penta Career Center
Wood County
9301 Buck Road
Perrysburg, Ohio 43551-3841

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 Penta Career Center, Wood County, Ohio (the Center) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 3, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. 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 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 Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

March 3, 2017

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

Penta Career Center
Wood County
9301 Buck Road
Perrysburg, Ohio 43551-3841

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Penta Career Center, Wood County, Ohio's (the Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Center's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on 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 Center's internal control over compliance.

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

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

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

Dave Yost
Auditor of State

Columbus, Ohio

March 3, 2017

PENTA CAREER CENTER
WOOD COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition 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 FOR FEDERAL AWARDS

None

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PENTA CAREER CENTER

WOOD 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 21, 2017

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