SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY
JUNE 30, 2017

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CLARK COUNTY
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INDEPENDENT AUDITOR'S REPORT

Springfield-Clark Career Technology Center
Clark County
1901 Selma Road
Springfield, Ohio 45505

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Springfield-Clark Career Technology Center, Clark County, Ohio (the Center), as of and for the fiscal year ended June 30, 2017, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Springfield-Clark Career Technology Center, Clark County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof for the fiscal 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2018, 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

Dave Yost
Auditor of State
Columbus, Ohio

April 27, 2018

The management's discussion and analysis of the Springfield-Clark Career Technology Center (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position of governmental activities increased $554,996 which represents a 12.37% increase from 2016's net position.

- General revenues accounted for $12,274,185 in revenue or 89.58% of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $1,427,963 or 10.42% of total revenues of $13,702,148.

- The Center had $13,147,152 in expenses related to governmental activities; $1,427,963 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.

- The Center has one major fund: the general fund. The general fund had $12,757,403 in revenues and $11,854,722 in expenditures and other financing uses. The general fund's fund balance increased $902,681 from $7,518,644 to $8,421,325.

Using these Basic Financial Statements

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

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

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

The Center's statement of net position and statement of activities can be found on pages 15-16 of this report.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds begins on page 11. 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 fund is the general 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. The basic governmental fund financial statements can be found on pages 17-20 of this report.

Reporting the Center's Fiduciary Responsibilities

The Center is the trustee, or fiduciary, for some of 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 individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 21 and 22. 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. These notes to the basic financial statements can be found on pages 23-54 of this report.

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 net pension liability. The required supplementary information can be found on pages 55-64 of this report.

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 at June 30, 2017 and June 30, 2016.

Net Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current and other assets	$ 14,788,391	$ 14,541,514
Capital assets, net	4,565,643	4,961,134
Total assets	19,354,034	19,502,648
Deferred Outflows of Resources		
Pension	3,629,963	1,694,142
Total deferred outflows of resources	3,629,963	1,694,142
Liabilities		
Current liabilities	1,120,012	1,037,393
Long-term liabilities:		
Due within one year	537,527	572,037
Due in more than one year:		
Net pension liability	19,593,499	16,050,900
Other amounts	1,280,118	1,762,400
Total liabilities	22,531,156	19,422,730
Deferred Inflows of Resources		
Property taxes levied for next year	4,118,753	4,915,637
Pensions	266,816	1,346,147
Total deferred inflows of resources	4,385,569	6,261,784
Net Position		
Net investment in capital assets	3,413,216	3,310,714
Restricted	374,577	129,267
Unrestricted	(7,720,521)	(7,927,705)
Total net position	$ (3,932,728)	$ (4,487,724)

During a previous fiscal year, the Center adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68" 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 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 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, 2017, the Center's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $3,932,728.

Assets of the Center decreased $148,614 or 0.76%. Current and other assets increased primarily due to an increase in equity in pooled cash and investments.

At year-end, capital assets represented 23.6% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Net investment in capital assets at June 30, 2017, was $3,413,216. 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. Capital assets decreased due to current year depreciation and disposals, net of accumulated depreciation exceeding additions.

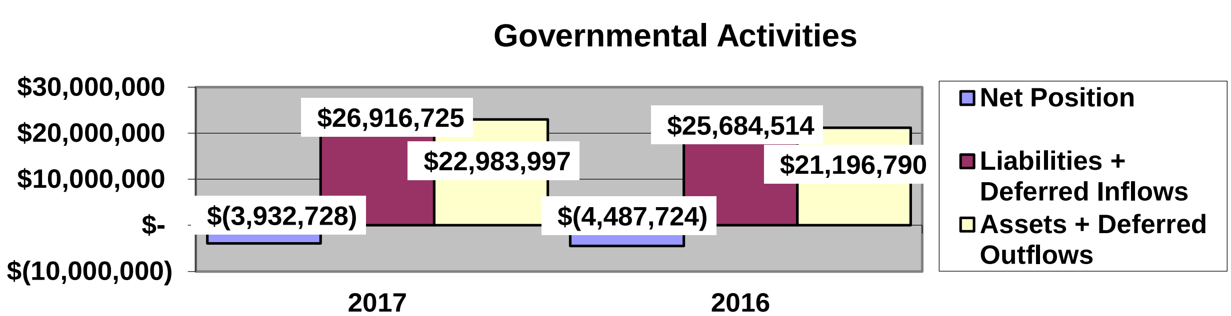
Deferred outflows of resources increased due to an increase in amounts allocated to the Center by the pension systems.

Liabilities of the Center increased $3,108,426 or 16.00%. The largest increase was in the area of long-term obligations. Long-term liabilities increased due to an increase of about $3.50 million in net pension liability.

Deferred inflows of resources decreased due to decreased amounts allocated to the Center by the pension system and a decrease in property taxes levied for next fiscal year.

A portion of the Center's net position, $374,577, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is ($7,720,521).

The graph below shows the Center's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2017 and June 30, 2016.



The table below shows the change in net position for fiscal years 2017 and 2016.

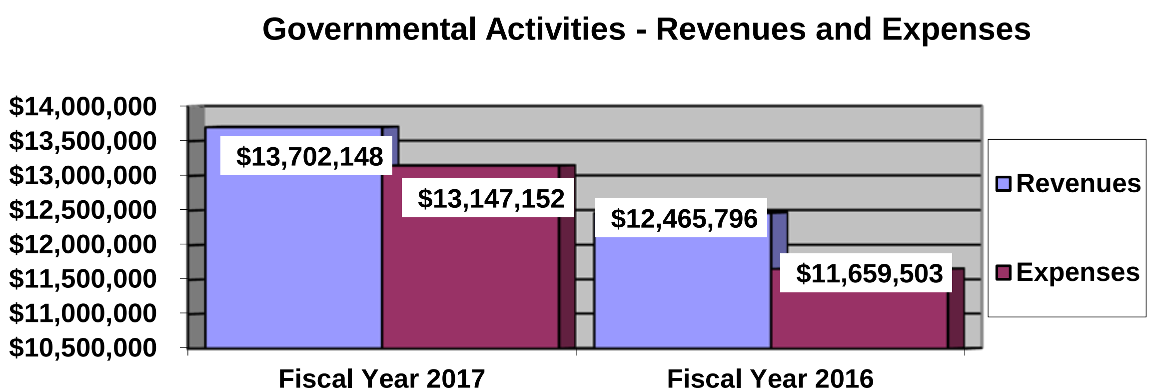
	Governmental Activities 2017	Governmental Activities 2016
Revenues		
Program revenues:		
Charges for services and sales	$ 567,267	$ 407,759
Operating grants and contributions	860,696	724,238
General revenues:		
Property taxes	5,908,931	5,087,691
Grants and entitlements - unrestricted	6,328,146	6,097,315
Investment earnings	32,302	81,975
Miscellaneous	4,806	66,818
Total revenues	13,702,148	12,465,796
Expenses		
Program expenses:		
Instruction:		
Special	$ 676,592	$ 546,898
Vocational	7,157,845	6,398,511
Other	148,496	102,011
Support services:		
Pupil	625,279	596,331
Instructional staff	610,446	657,422
Board of education	62,167	52,821
Administration	1,014,829	909,927
Fiscal	611,234	542,072
Business	5,452	18,307
Operations and maintenance	1,589,863	1,221,692
Pupil transportation	117,216	42,831
Central	30,318	87,524
Operations of non-instructional services:		
Other non-instructional services	1,559	-
Food service operations	411,740	383,657
Extracurricular activities	37,176	33,701
Interest and fiscal charges	46,940	65,798
Total expenses	13,147,152	11,659,503
Change in net position	554,996	806,293
Net position at beginning of year	(4,487,724)	(5,294,017)
Net position at end of year	$ (3,932,728)	$ (4,487,724)

Governmental Activities

Net position of the Center's governmental activities increased $554,996. Total governmental expenses of $13,147,152 were offset by program revenues of $1,427,963 and general revenues of $12,274,185. Program revenues supported 10.86% of the total governmental expenses. Overall expenses increased $1,487,649 due to an increase in salaries and benefits paid to employees and an increase in pension expense.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenue sources account for 89.31% of total governmental revenue. The most significant increase was in the area of property taxes. Taxes increased $821,240 or 16.14% due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Clark County Auditor. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2017, 2016 and 2015 was $1,138,869, $303,039 and $212,766, respectively. The amount of tax advance available at year-end can vary depending upon when the county auditor distributes tax bills. Unrestricted grants and entitlements increased due to additional funding from the State due to a new State budget.

The graph below presents the Center's governmental activities revenue and expenses for fiscal years 2017 and 2016.



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. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

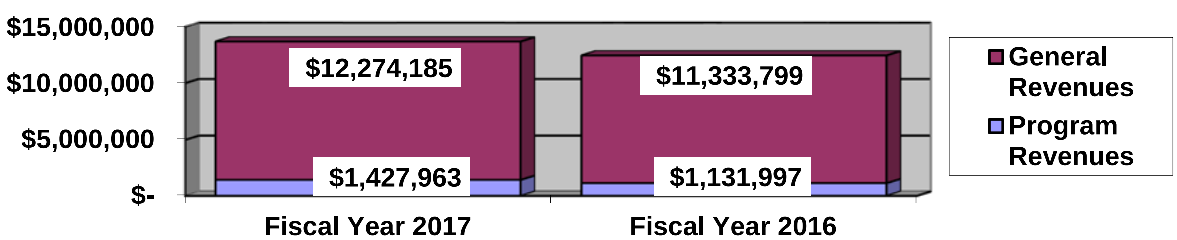
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses				
Instruction:				
Special	$ 676,592	$ 669,230	$ 546,898	$ 546,898
Vocational	7,157,845	6,310,834	6,398,511	5,676,439
Other	148,496	148,496	102,011	102,011
Support services:				
Pupil	625,279	619,475	596,331	576,470
Instructional staff	610,446	594,259	657,422	655,622
Board of education	62,167	62,167	52,821	52,821
Administration	1,014,829	979,746	909,927	907,269
Fiscal	611,234	611,234	542,072	542,072
Business	5,452	5,452	18,307	18,307
Operations and maintenance	1,589,863	1,587,914	1,221,692	1,221,692
Pupil transportation	117,216	117,216	42,831	42,831
Central	30,318	27,095	87,524	87,524
Operations of non-instructional services:				
Other non-instructional services	1,559	(214)	-	-
Food service operations	411,740	(85,105)	383,657	192
Extracurricular activities	37,176	24,450	33,701	31,560
Interest and fiscal charges	46,940	46,940	65,798	65,798
Total	$ 13,147,152	$ 11,719,189	$ 11,659,503	$ 10,527,506

The dependence upon tax and other general revenues for governmental activities is apparent as 89.30% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 89.14%. The Center's taxpayers and unrestricted grants and entitlements are the primary support for Center's students.

The graph below presents the Center's governmental activities revenue for fiscal years 2017 and 2016.

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of $8,817,408, which is higher than last year's total of $7,884,144. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Change	Percentage Change
General fund	$ 8,421,325	$ 7,518,644	$ 902,681	12.01 %
Other governmental funds	396,083	365,500	30,583	8.37 %
Total	$ 8,817,408	$ 7,884,144	$ 933,264	11.84 %

General Fund

During fiscal year 2017, the Center's general fund balance increased $902,681. The table that follows assists in illustrating the financial activities of the general fund.

	2017 Amount	2016 Amount	Change	Percentage Change
Revenues				
Taxes	$ 5,914,715	$ 5,089,251	$ 825,464	16.22 %
Tuition	240,135	181,077	59,058	32.61 %
Earnings on investments	40,424	74,291	(33,867)	(45.59) %
Intergovernmental	6,436,386	6,172,842	263,544	4.27 %
Other revenues	125,743	89,761	35,982	40.09 %
Total	$ 12,757,403	$ 11,607,222	$ 1,150,181	9.91 %
Expenditures				
Instruction	$ 6,957,761	$ 6,488,379	$ 469,382	7.23 %
Support services	4,143,760	4,152,058	(8,298)	(0.20) %
Extracurricular activities	26,796	27,612	(816)	(2.96) %
Debt service	546,405	585,364	(38,959)	(6.66) %
Total	$ 11,674,722	$ 11,253,413	$ 421,309	3.74 %

Revenues of the general fund increased $1,150,181 or 9.91%. Taxes increased $825,464 or 16.22% due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Clark County Auditor. Tax advances available are recorded as revenue under GAAP. The amount of tax advances available at June 30, 2017, 2016 and 2015 was $1,138,869, $303,039 and $212,766, respectively. The amount of tax advance available at year-end can vary depending upon when the county auditor distributes tax bills. Intergovernmental increased due to additional funding from the State due to a new State budget.

Expenditures increased $421,309 or 3.74%. The largest increases were in the area of instruction. Instruction increased $469,382 or 7.23% due to increase in wages and benefits paid to teachers.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the Center amended its general fund estimated revenue budget several times. For the general fund, original budgeted revenues and other sources of $11,262,818 were increased to $11,676,494 in the final budget. Actual revenue and other financing sources of $12,120,126 were $443,632 more than the final budgeted amounts.

General fund actual expenditures plus other financing uses of $12,134,262 were $481,876 lower than final appropriations (appropriated expenditures plus other financing uses) of $12,616,138. Original appropriations were $12,617,097.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Center had $4,565,643 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. This entire amount is reported in governmental activities. The table that follows shows June 30, 2017 balances compared to June 30, 2016:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 647,488	$ 647,488
Land improvements	10,146	12,319
Buildings and improvements	2,964,675	3,100,336
Furniture, fixtures and equipment	934,768	1,184,097
Vehicles	8,566	16,894
Total	$ 4,565,643	$ 4,961,134

The overall decrease of $395,491 is the result of depreciation expense of $408,852 exceeding and disposals (net of accumulated depreciation) of $135,884 exceeding additions of $149,245.

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

Debt Administration

At June 30, 2017 the Center had $1,152,427 in House Bill (HB) 264 bonds and capital leases outstanding. Of this total, $492,427 is due within one year and $660,000 is due in more than one year. The table below summarizes the long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2017	Governmental Activities 2016
HB 264 Bonds	$ 720,000	$ 780,000
Capital leases	432,427	870,420
Total	$ 1,152,427	$ 1,650,420

See Note 14 to the basic financial statements for detail on the Center's debt administration.

For the Future

Springfield-Clark Career Technology Center continues to be flat-lined by the State of Ohio in terms of revenue. The Center is on the guarantee, which means they are not generating any more revenue for additional students, unless those students are career tech students. It is uncertain as to how long the Ohio Department of Education will keep the Center on this guarantee past fiscal year 2018.

The Center is constantly looking at ways to live within the budget. The Center is always looking at ways to do the things more efficiently and cheaper. As a vocational school, the Center is required to spend 75% of the weighted funds on vocational programs. This includes items such as; textbooks, workbooks, supplies, technology, equipment, etc.

The Springfield-Clark Career Technology Center is committed to providing the students of Clark County the best vocational education resources to enhance their learning capabilities. In order to do this, the Center must find ways to be innovative in the delivery methods, which includes using the most recent technology that industries are using. The Center can achieve this by living within their means and spending weighted and grant funds wisely.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact the Treasurer, Springfield-Clark Career Technology Center, 1901 Selma Road, Springfield, Ohio 45505.

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SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 8,685,668
Receivables:	
Property taxes	5,858,388
Accounts	25,385
Accrued interest	13,635
Intergovernmental	163,378
Prepayments	10,070
Materials and supplies inventory	31,149
Inventory held for resale	718
Capital assets:	
Nondepreciable capital assets	647,488
Depreciable capital assets, net	3,918,155
Capital assets, net	4,565,643
Total assets	19,354,034
Deferred outflows of resources:	
Pension - STRS	2,851,930
Pension - SERS	778,033
Total deferred outflows of resources	3,629,963
Liabilities:	
Accounts payable	58,440
Accrued wages and benefits payable	896,937
Intergovernmental payable	40,958
Pension and postemployment benefits payable	120,538
Accrued interest payable	3,139
Long-term liabilities:	
Due within one year	537,527
Due in more than one year:	
Net pension liability	19,593,499
Other amounts due in more than one year	1,280,118
Total liabilities	22,531,156
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,118,753
Pension - STRS	218,744
Pension - SERS	48,072
Total deferred inflows of resources	4,385,569
Net position:	
Net investment in capital assets	3,413,216
Restricted for:	
Locally funded programs	74,024
State funded programs	13,622
Federally funded programs	121,983
Other purposes	164,948
Unrestricted (deficit)	(7,720,521)
Total net position	$ (3,932,728)

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Special	$ 676,592	$ -	$ 7,362	$ (669,230)
Vocational	7,157,845	359,123	487,888	(6,310,834)
Other	148,496	-	-	(148,496)
Support services:				
Pupil	625,279	-	5,804	(619,475)
Instructional staff	610,446	-	16,187	(594,259)
Board of education	62,167	-	-	(62,167)
Administration	1,014,829	-	35,083	(979,746)
Fiscal	611,234	-	-	(611,234)
Business	5,452	-	-	(5,452)
Operations and maintenance	1,589,863	1,949	-	(1,587,914)
Pupil transportation	117,216	-	-	(117,216)
Central	30,318	-	3,223	(27,095)
Operation of non-instructional services:				
Other non-instructional services	1,559	-	1,773	214
Food service operations	411,740	206,195	290,650	85,105
Extracurricular activities	37,176	-	12,726	(24,450)
Interest and fiscal charges	46,940	-	-	(46,940)
Total governmental activities	$ 13,147,152	$ 567,267	$ 860,696	(11,719,189)
		General revenues:		
		Property taxes levied for:		
		General purposes		5,908,931
		Grants and entitlements not restricted to specific programs		6,328,146
		Investment earnings		32,302
		Miscellaneous		4,806
		Total general revenues		12,274,185
		Change in net position		554,996
		Net position at beginning of year		(4,487,724)
		Net position at end of year		$ (3,932,728)

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	$ 8,102,060	$ 583,608	$ 8,685,668
Receivables:			
Property taxes	5,858,388	-	5,858,388
Accounts	24,882	503	25,385
Accrued interest	13,635	-	13,635
Interfund loans	128,468	-	128,468
Intergovernmental	28,906	134,472	163,378
Prepayments	9,876	194	10,070
Materials and supplies inventory	28,962	2,187	31,149
Inventory held for resale	-	718	718
Total assets	$ 14,195,177	$ 721,682	$ 14,916,859
Liabilities:			
Accounts payable	$ 48,694	$ 9,746	$ 58,440
Accrued wages and benefits payable	850,731	46,206	896,937
Intergovernmental payable	40,331	627	40,958
Pension and postemployment benefits payable	110,165	10,373	120,538
Interfund loans payable	-	128,468	128,468
Total liabilities	1,049,921	195,420	1,245,341
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	4,118,753	-	4,118,753
Delinquent property tax revenue not available	600,766	-	600,766
Intergovernmental revenue not available	-	130,179	130,179
Accrued interest not available	4,412	-	4,412
Total deferred inflows of resources	4,723,931	130,179	4,854,110
Fund balances:			
Nonspendable:			
Materials and supplies inventory	28,962	2,187	31,149
Prepayments	9,876	194	10,070
Restricted:			
Food service operations	-	149,778	149,778
Other purposes	-	100,481	100,481
Assigned:			
Student instruction	63,904	-	63,904
Student and staff support	224,016	-	224,016
Subsequent year's appropriations	257,140	-	257,140
Capital improvements	-	266,251	266,251
Unassigned (deficit)	7,837,427	(122,808)	7,714,619
Total fund balances	8,421,325	396,083	8,817,408
Total liabilities, deferred inflows and fund balances	$ 14,195,177	$ 721,682	$ 14,916,859

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		$ 8,817,408
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		4,565,643
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 600,766	
Accrued interest receivable	4,412	
Intergovernmental receivable	130,179	
Total		735,357
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(3,139)
The net pension liability is not due and payable in the current period; therefore, the liability and the related deferred inflows/ outflows are not reported in governmental funds.		
Deferrred outflows of resources - pension	3,629,963	
Deferrred inflows of resources - pension	(266,816)	
Net pension liability	(19,593,499)	
Total		(16,230,352)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
HB 264 bonds	(720,000)	
Capital lease obligations	(432,427)	
Compensated absences	(665,218)	
Total		(1,817,645)
Net position of governmental activities		$ (3,932,728)

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 5,914,715	$ -	$ 5,914,715
Tuition	240,135	-	240,135
Earnings on investments	40,424	-	40,424
Charges for services	-	206,195	206,195
Classroom materials and fees	55,940	-	55,940
Rental income	1,949	-	1,949
Contributions and donations	-	19,297	19,297
Contract services	63,048	-	63,048
Other local revenues	4,806	57,061	61,867
Intergovernmental - state	6,436,386	7,099	6,443,485
Intergovernmental - federal	-	606,944	606,944
Total revenues	12,757,403	896,596	13,653,999
Expenditures:			
Current:			
Instruction:			
Special	643,618	-	643,618
Vocational	6,179,616	370,323	6,549,939
Other	134,527	-	134,527
Support services:			
Pupil	614,842	4,290	619,132
Instructional staff	547,120	14,069	561,189
Board of education	60,957	-	60,957
Administration	947,865	34,213	982,078
Fiscal	583,561	-	583,561
Business	5,452	-	5,452
Operations and maintenance	1,311,075	1,200	1,312,275
Pupil transportation	54,488	-	54,488
Central	18,400	1,251	19,651
Operation of non-instructional services:			
Other non-instructional services	-	1,559	1,559
Food service operations	-	393,552	393,552
Extracurricular activities	26,796	8,875	35,671
Facilities acquisition and construction	-	216,681	216,681
Debt service:			
Principal retirement	497,993	-	497,993
Interest and fiscal charges	48,412	-	48,412
Total expenditures	11,674,722	1,046,013	12,720,735
Excess (deficiency) of revenues over (under) expenditures	1,082,681	(149,417)	933,264
Other financing sources (uses):			
Transfers in	-	180,000	180,000
Transfers (out)	(180,000)	-	(180,000)
Total other financing sources (uses)	(180,000)	180,000	-
Net change in fund balances	902,681	30,583	933,264
Fund balances at beginning of year	7,518,644	365,500	7,884,144
Fund balances at end of year	$ 8,421,325	$ 396,083	$ 8,817,408

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds		$ 933,264
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 149,245	
Current year depreciation	(408,852)	
Total		(259,607)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(135,884)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(5,784)	
Earnings on investments	(8,122)	
Intergovernmental	62,055	
Total		48,149
Repayment of bond and capital lease 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:		
Bonds	60,000	
Capital leases	437,993	
Total		497,993
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Change in accrued interest payable		1,472
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		958,333
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,485,780)
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.		(2,944)
Change in net position of governmental activities		$ 554,996

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash		
and investments	$ 199,798	$ 40,625
Receivables:		
Accounts	-	10
Accrued interest.	643	-
Total assets.	200,441	$ 40,635
Liabilities:		
Accounts payable.	-	$ 93
Other liabilities	-	40,542
Total liabilities	-	$ 40,635
Net position:		
Held in trust for scholarships	200,441	
Total net position.	$ 200,441	

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

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private-Purpose Trust
	Scholarship
Additions:	
Interest.	$ 5,470
Total additions.	5,470
Deductions:	
Scholarships awarded	1,500
Total deductions	1,500
Change in net position	3,970
Net position at beginning of year.	196,471
Net position at end of year	$ 200,441

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

NOTE 1 – DESCRIPTION OF THE CENTER AND REPORTING ENTITY

The Springfield-Clark Career Technology Center (the "Center") is a joint vocational school district as defined by Section 3311.01 of the Ohio Revised Code. The Center is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Springfield-Clark County "JVS Plan" was approved by the State Department of Education on April 13, 1964. On May 18, 1964, the Springfield-Clark County Joint Vocational School Board of Education was organized. The Board is comprised of two (2) members of the Springfield City Board of Education and one (1) from the Clark County Educational Service Center. The number of representatives from the City and the Educational Service Center was based on the student population at the time. The City and the Educational Service center each selected who will also serve as members of the board of the Center. In 1998, the Board of Education passed a resolution to expand from the five (5) board members to a nine (9) member Board of Education with local, ESC, and City school district representatives. Each district including: Clark-Shawnee Local, Greenon Local, Northeastern Local, Northwestern Local, Southeastern Local, and Tecumseh Local would have one (1) seat. The ESC would have one (1) seat and Springfield City would have two (2) seats. The Center is staffed by 35 classified employees, 69 certified teaching personnel, and 8 administrative employees who provide services to 653 students and other community members at the main campus and 288 students and other community members at the satellite campuses. The Center currently operates six (6) instructional buildings and an administrative building. During 2008, our name was changed from Joint Vocational School to Career Technology Center.

The school systems participating in the Center include: Springfield City, Northeastern Local, Southeastern Local, Clark-Shawnee Local, Greenon Local, Tecumseh Local and Northwestern Local. Each of these districts may send students to the Center, which offers students job training leading to employment upon graduation from high school. Each of the participating districts appoints a member from its Board to the Springfield-Clark Career Technology Center Board.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that 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, preschool 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. The Center has no component units.

The following entity which performs activities within the Center boundaries for the benefit of its residents is excluded from the accompanying financial statements because the Center is not financially accountable for this entity nor is it fiscally dependent on the Center.

NOTE 1 – DESCRIPTION OF THE CENTER AND REPORTING ENTITY - (Continued)

City of Springfield **-** The city government of Springfield is a separate body politic and corporate. The council is elected independent of any Center relationships and administers the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

The Center is associated with one joint venture, two jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Notes 15, 16 and 17 to the basic financial statements. These organizations are:

Joint Venture:
Early Childhood Education Center (the ECE Center)

Jointly Governed Organizations:
Miami Valley Educational Computer Association (MVECA), Southwestern Ohio Educational Purchasing Council (SOEPC)

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

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. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the Center at year-end. The government-wide 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 that 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.

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

Fund Financial Statements - During the 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 rather than reporting funds by type. The 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 on a separate financial statement.

B. Fund Accounting

The Center uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Center functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Center are grouped into the categories governmental and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds focus 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, deferred outflows of resources, liabilities, and deferred inflows of resources is reported as fund balance. The general fund is the major fund of the Center.

> *General Fund* - The general fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Center account for grants and other resources and capital projects of the Center whose uses are restricted or assigned to a particular purpose.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center has various funds established to provide scholarships to its students that are classified as private-purpose trust funds. Funds used to account for the activity of the numerous student-managed activities within the Center are classified as agency funds.

C. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Center are included on the statement of net position.

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

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, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Fiduciary funds are reported using the accrual basis of accounting; however, since the agency funds only report assets and liabilities they have no measurement focus whereas the private purpose trust fund uses the economic resource measurement focus.

D. Basis of Accounting

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

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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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, grants, investment earnings, and student fees.

In addition to assets, the statements of net position will sometimes 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.

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

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

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

E. Equity in Pooled Cash and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds, including fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the statement of net position and governmental funds balance sheet.

During fiscal year 2017, investments included were limited to non-negotiable certificates of deposits, Federal Home Loan Bank (FHLB) Notes, Federal Home Loan Mortgage Corporation (FHLMC) Notes, Federal National Mortgage Association Notes, Commercial Paper, negotiable certificates of deposit, STAR Ohio, and money market accounts.

During fiscal year 2017, the Center invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Center measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

The Center allocates interest according to State statutes. Interest revenue credited to the general fund during fiscal year 2017 was $40,424, including $4,411 allocated from other funds.

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

F. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental funds when purchased. Reported inventory is also reported as restricted fund balance.

H. Estimates

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

I. Capital Assets and Depreciation

Capital assets, which include land, land improvements, buildings and improvements, furniture, fixtures, equipment and vehicles, are reported in the government-wide financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements throughout the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of $2,500. The Center does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also not capitalized.

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

Description	Estimated Lives
Land improvements	15 - 30 years
Buildings and improvements	20 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 years

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

J. Interfund Activity

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental activities column on the statement of net position.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the Center’s termination policy. The Center records a liability for accumulated unused sick leave for all employees after ten years of service with the Center.

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The entire liability is reported on the government-wide statement of net position.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences 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. Long-term general obligation bonds and capital leases are recognized as a liability on the governmental fund financial statements when due.

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

M. Pensions

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

N. Net Position

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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 when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the Center’s net position is restricted by enabling legislation.

O. 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.

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

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.

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.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the Center has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the Center's fiscal year 2017 financial statements (see Note 21); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Center.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Center.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Center.

B. Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

Nonmajor funds	Deficit
Vocational education enhancement	$ 5,095
Vocational education	117,713

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 – EQUITY IN POOLED CASH AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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.

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

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

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

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

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

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

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

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

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

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.

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A. Deposits

At June 30, 2017, the carrying amount of all Center deposits was $4,379,646, which includes $1,500,000 in non-negotiable certificates of deposit (CDs). Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2017, $51,606 of the Center's bank balance of $4,574,669 was exposed to custodial risk as discussed below, while $4,523,063 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.

B. Investments

The Center's investments are categorized to give an indication of the level of risk assumed by the Center at fiscal year end. Category 1 includes investments that are insured or registered for which the Center or its agent in the Center's name holds the securities. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Center's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the Center's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
BNP CP	$ 213,927	$ 213,927	$ -	$ -	$ -	$ -
JP Morgan CP	212,700	-	212,700	-	-	-
Toronto Domin CP	208,929	208,929	-	-	-	-
Toyota Motor Credit CP	212,691	-	212,691	-	-	-
FHLB	321,698	-	-	-	-	321,698
FHLMC	727,664	-	-	-	174,214	553,450
FNMA	1,659,128	-	74,826	-	-	1,584,302
Negotiable CD's	964,670	215,017	-	100,332	-	649,321
U.S. Government money market	22,757	22,757	-	-	-	-
Amortized Cost:						
STAR Ohio	1	1	-	-	-	-
Total	$ 4,544,165	$ 660,631	$ 500,217	$ 100,332	$ 174,214	$ 3,108,771

The weighted average of maturity of investments is 2.15 years.

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Center's recurring fair value measurements as of June 30, 2017. All investments of the Center are valued using quoted market prices.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the Center manages its exposure to decline in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk - The Center's U.S. Government Agency Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial Paper was rated P-1 by Moody's Investor Services and A-1 or A-1+ by Standard & Poor's. The Money Market Funds and Certificates of Deposit are not rated. The Center's investment policy does not specifically address credit risk beyond requiring the Center to only invest in securities authorized by State statute. Ohio Revised Code 135.14(B)(7)(a) limits commercial paper purchases to those assigned the highest credit rating by two nationally recognized rating services.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the 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 federal agency securities and U.S. Treasury notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Center's name. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The 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, 2017:

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
BNP CP	$ 213,927	4.71
JP Morgan CP	212,700	4.68
Toronto Domin CP	208,929	4.60
Toyota Motor Credit CP	212,691	4.68
FHLB	321,698	7.08
FHLMC	727,664	16.01
FNMA	1,659,128	36.51
Negotiable CD's	964,670	21.23
U.S. Government money market	22,757	0.50
Amortized Cost:		
STAR Ohio	1	-
Total	$ 4,544,165	100.00

NOTE 4 – EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

C. 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, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 4,379,646
Investments	4,544,165
Cash on hand	2,280
Total	$ 8,926,091
Cash and investments per statement of net position	
Governmental activities	$ 8,685,668
Private-purpose trust funds	199,798
Agency funds	40,625
Total	$ 8,926,091

NOTE 5 – INTERFUND ACTIVITY

A. Interfund transfers for the year ended June 30, 2017, consisted of the following, as reported on the fund statements:

	Amount
Transfers from general fund to:	
Nonmajor governmental fund	$ 180,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials.

All transfers made during the fiscal year 2017 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund loans receivable/payable consisted of the following at June 30, 2017, as reported on the fund statement:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	$ 128,468

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

Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

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 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, 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 Clark, Miami, Champaign and Greene Counties. The County Auditors periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $1,138,869 in the general fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2016 was $303,037. 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, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

NOTE 6 – PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2017 taxes were collected are:

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 2,176,809,835	95.37	$ 2,253,069,412	94.95
Public utility personal	105,660,750	4.63	119,893,680	5.05
Total	$ 2,282,470,585	100.00	$ 2,372,963,092	100.00
Tax rate per $1,000 of assessed valuation	$3.00		$3.00	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2017 consisted 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. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Taxes - current and delinquent	$ 5,858,388
Accounts	25,385
Accrued interest	13,635
Intergovernmental	163,378
Total governmental receivables	$ 6,060,786

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

NOTE 8 – CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Additions	Disposals	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 647,488	$ -	$ -	$ 647,488
Total capital assets, not being depreciated	647,488	-	-	647,488
Capital assets, being depreciated:				
Land improvements	364,938	-	-	364,938
Buildings and improvements	8,538,308	-	(8,226)	8,530,082
Furniture, fixtures and equipment	3,263,307	149,245	(188,594)	3,223,958
Vehicles	258,397	-	(168,766)	89,631
Total capital assets, being depreciated	12,424,950	149,245	(365,586)	12,208,609
Less: accumulated depreciation				
Land improvements	(352,619)	(2,173)	-	(354,792)
Buildings and improvements	(5,437,972)	(134,564)	7,129	(5,565,407)
Furniture, fixtures and equipment	(2,079,210)	(267,754)	57,774	(2,289,190)
Vehicles	(241,503)	(4,361)	164,799	(81,065)
Total accumulated depreciation	(8,111,304)	(408,852)	229,702	(8,290,454)
Governmental activities capital assets, net	$ 4,961,134	$ (259,607)	$ (135,884)	$ 4,565,643

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$ 368,672
Support services:	
Instructional staff	2,600
Administration	1,960
Operations and maintenance	16,211
Central	10,667
Food service operations	8,742
Total depreciation expense	$ 408,852

NOTE 9 – RISK MANAGEMENT

Property and Liability

The Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the Center contracted with Great American Insurance Company and Travelers Insurance Company for the coverages identified below.

Building and Contents - Replacement Cost (no deductible)	$ 350,000,000
Automobile Liability (no deductible)	5,000,000
General Liability:	
Per Occurrence	5,000,000

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

Workers' Compensation

For fiscal year 2017, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the plan.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the 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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description –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; or	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; or 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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2017, 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 $198,097 for fiscal year 2017. Of this amount, $5,562 is reported as pension and postemployment benefits payable.

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.

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $760,236 for fiscal year 2017. Of this amount, $105,673 is reported as pension and postemployment benefits 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.0451277%	0.04876012%	
Proportion of the net pension liability current measurement date	0.0439948%	0.04891548%	
Change in proportionate share	-0.00113290%	0.00015536%	
Proportionate share of the net pension liability	$ 3,220,013	$ 16,373,486	$ 19,593,499
Pension expense	$ 342,762	$ 1,143,018	$ 1,485,780

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, 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	$ 43,431	$ 661,567	$ 704,998
Net difference between projected and actual earnings on pension plan investments	265,604	1,359,439	1,625,043
Changes of assumptions	214,954	-	214,954
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	55,947	70,688	126,635
Center contributions subsequent to the measurement date	198,097	760,236	958,333
Total deferred outflows of resources	$ 778,033	$ 2,851,930	$ 3,629,963
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	$ 48,072	$ 218,744	$ 266,816
Total deferred inflows of resources	$ 48,072	$ 218,744	$ 266,816

$958,333 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$ 139,714	$ 264,744	$ 404,458
2019	139,525	264,744	404,269
2020	176,273	786,398	962,671
2021	76,352	557,064	633,416
Total	$ 531,864	$ 1,872,950	$ 2,404,814

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	$ 4,263,097	$ 3,220,013	$ 2,346,909

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return *
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	7.61 %

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS - (Continued)

all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the 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%)
Center's proportionate share of the net pension liability	$ 21,759,032	$ 16,373,486	$ 11,830,460

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

NOTE 11 – 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.

NOTE 11 – POSTEMPLOYMENT BENEFITS - (Continued)

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 2017, 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 2017, this amount was $23,500. 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 2017, the Center's surcharge obligation was $8,883.

The Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $8,883, $7,146, and $17,978, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

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.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The Center did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 12 – OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten (10) to twenty (20) days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time with the exception of the Superintendent, Treasurer, and Technology Director.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for all employees. Upon retirement, payment is made for 25% of the first 120 days of sick leave days and 20.833% of sick leave days accumulated in excess of 120. The maximum severance is not to exceed 55 days for teachers and classified employees. For administrators, 30% of the first 120 days of total sick leave accumulation is paid, plus 20% of days in excess of 120 up to a maximum of 65 days for administrative personnel.

NOTE 12 – OTHER EMPLOYEE BENEFITS - (Continued)

Insurance Benefits

The Center provides life insurance to most employees through Coresource. Medical benefits are provided through Anthem Blue Cross and Blue Shield. Dental benefits are provided through Coresource. Vision benefits are provided through VSP.

NOTE 13 – CAPITAL LEASES - LESSEE DISCLOSURE

During 2013 and 2009, the Center entered into capitalized leases for copiers. Also during 2008, the Center entered into capitalized leases as part of the OASBO loan financing program for the improvement of the educational facility. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements in the general fund.

Principal payments for capital leases in fiscal year 2017 totaled $437,993 in the general fund.

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

Fiscal Year Ending June 30,	Amount
2018	$ 440,536
Total minimum lease payments	440,536
Less: amount representing interest	(8,109)
Total	$ 432,427

NOTE 14 – LONG-TERM OBLIGATIONS

Changes in long-term obligations of the Center during fiscal year 2017 were as follows:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due in One Year
Governmental activities:					
2014 HB264 Bond	$ 780,000	$ -	$ (60,000)	$ 720,000	$ 60,000
Net pension liability	16,050,900	3,542,599	-	19,593,499	-
Capital leases	870,420	-	(437,993)	432,427	432,427
Compensated absences	684,017	62,041	(80,840)	665,218	45,100
Total governmental activities - long-term liabilities	$ 18,385,337	$ 3,604,640	$ (578,833)	$ 21,411,144	$ 537,527

NOTE 14 – LONG-TERM OBLIGATIONS - (Continued)

On December 1, 2013 the Center issued HB264 bonds in the amount of $897,020 at an interest rate of 3.25% for the purposes of school energy improvements. The bonds will be retired from the general fund. The bonds mature on December 1, 2028.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	$ 60,000	$ 22,425	$ 82,425
2019	60,000	20,475	80,475
2020	60,000	18,525	78,525
2021	60,000	16,575	76,575
2022	60,000	14,625	74,625
2023 - 2027	300,000	43,875	343,875
2028 - 2029	120,000	3,900	123,900
Total	$ 720,000	$ 140,400	$ 860,400

Capital leases will be paid from the general fund. Compensated absences will be paid from the fund from which the employees' salaries are paid.

NOTE 15 – JOINT VENTURE

Early Childhood Education Center

The Springfield-Clark Career Technology Center had entered into an agreement with Clark State Community College to operate the Early Childhood Education Center (the ECE Center) until the Center's Board of Education approved the termination of the ECE Agreement, which dissolved the Council of Clark County Day Care Center and its COG, effective January 1, 2017. Clark State Community College had acted as the ECE Center's fiscal agent. The Center had a financial responsibility to the ECE Center to finance any operating deficits based upon a formula in the agreement. The ECE Center did not incur an operating loss during fiscal year 2017. To obtain financial information, write to Early Childhood Education Center c/o Clark State Community College at 570 East Leffel Lane, Springfield, Ohio 45505.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association

The Center is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Ross, Madison, Montgomery and Highland Counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The Center paid MVECA $46,467 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS - (Continued)

Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 124 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2017, the Center paid $38,834 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

NOTE 17 – INSURANCE POOL

Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan

The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 18 – CONTINGENCIES

A. Grants

The Center received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2017, if applicable, cannot be determined at this time.

B. Litigation

The Center's attorney estimates that any potential claims against the Center not covered by insurance resulting from litigation would not materially affect the financial statements of the Center.

NOTE 18 – CONTINGENCIES- (Continued)

C. Foundation

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The Center has accounted for the FTE adjustments in the financial statements. The net impact of the adjustments was a liability of $94.

NOTE 19 – 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.

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	128,272
Current year offsets	(128,272)
Total	$ -
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 20 – OTHER COMMITMENTS

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	$ 271,111
Nonmajor governmental funds	45,128
Total	$ 316,239

NOTE 21 – TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Various taxing districts including the City of Springfield and Clark County entered into Community Redevelopment Agreements (CRA) and Economic Zone Agreement (EZs) with various companies for the abatement of property taxes to bring jobs and economic development into the area. Under the agreement, the companies' property taxes assessed to the Center have been abated. During fiscal year 2017, the Center's property taxes were reduced by $15,066.

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

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, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 4,818,243	$ 4,999,478	$ 5,078,885	$ 79,407
Tuition	148,447	154,031	240,135	86,104
Earnings on investments	42,739	44,347	89,536	45,189
Classroom materials and fees	18,766	19,472	49	(19,423)
Rental income	5,878	6,099	1,499	(4,600)
Contract services	634	658	647	(11)
Other local revenues	13,404	13,908	10,359	(3,549)
Intergovernmental - state	5,949,664	6,173,458	6,435,998	262,540
Total revenues	10,997,775	11,411,451	11,857,108	445,657
Expenditures:				
Current:				
Instruction:				
Special	615,234	618,659	654,195	(35,536)
Vocational	6,240,194	6,164,914	6,022,939	141,975
Other	111,724	112,263	135,467	(23,204)
Support services:				
Pupil	644,538	711,582	636,053	75,529
Instructional staff	727,701	637,743	611,138	26,605
Board of education	68,892	69,434	61,635	7,799
Administration	1,062,021	1,069,553	964,442	105,111
Fiscal	645,393	637,303	579,444	57,859
Business	5,866	6,407	5,849	558
Operations and maintenance	1,454,418	1,504,379	1,318,051	186,328
Pupil transportation	50,865	55,465	54,778	687
Central	23,045	28,561	21,510	7,051
Extracurricular activities	28,082	28,101	23,170	4,931
Debt service:				
Principal	461,683	462,000	497,993	(35,993)
Interest and fiscal charges	47,441	48,474	48,412	62
Total expenditures	12,187,097	12,154,838	11,635,076	519,762
Excess (deficiency) of revenues over (under) expenditures	(1,189,322)	(743,387)	222,032	965,419
Other financing sources (uses):				
Refund of prior year's expenditures	6,882	6,882	12,118	5,236
Refund of prior year's receipts	-	-	-	-
Transfers in	2,086	2,086	-	(2,086)
Transfers (out)	(180,000)	(301,300)	(336,786)	(35,486)
Advances in	253,789	253,789	250,900	(2,889)
Advances (out)	(250,000)	(160,000)	(162,400)	(2,400)
Sale of capital assets	2,286	2,286	-	(2,286)
Total other financing sources (uses)	(164,957)	(196,257)	(236,168)	(39,911)
Net change in fund balance	(1,354,279)	(939,644)	(14,136)	925,508
Fund balance at beginning of year	7,448,612	7,448,612	7,448,612	-
Prior year encumbrances appropriated	300,079	300,079	300,079	-
Fund balance at end of year	$ 6,394,412	$ 6,809,047	$ 7,734,555	$ 925,508

See accompanying notes to the required supplementary information

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK 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 FOUR FISCAL YEARS

	2017	2016	2015	2014
Center's proportion of the net pension liability	0.04399480%	0.04512770%	0.04335400%	0.04335400%
Center's proportionate share of the net pension liability	$ 3,220,013	$ 2,575,029	$ 2,194,121	$ 2,578,898
Center's covered-employee payroll	$ 1,366,314	$ 1,600,099	$ 1,272,518	$ 1,480,029
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.67%	160.93%	172.42%	174.25%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

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

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

See accompanying notes to the required supplementary information

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK 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 FOUR FISCAL YEARS

	2017	2016	2015	2014
Center's proportion of the net pension liability	0.04891548%	0.04876012%	0.05003805%	0.05003805%
Center's proportionate share of the net pension liability	$ 16,373,486	$ 13,475,871	$ 12,170,985	$ 14,458,954
Center's covered-employee payroll	$ 5,463,221	$ 5,386,371	$ 5,505,777	$ 5,690,277
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	299.70%	250.18%	221.06%	254.10%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

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

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

See accompanying notes to the required supplementary information

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 198,097	$ 191,284	$ 210,893	$ 176,371
Contributions in relation to the contractually required contribution	(198,097)	(191,284)	(210,893)	(176,371)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 1,414,979	$ 1,366,314	$ 1,600,099	$ 1,272,518
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

Note: Information prior to 2009 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

2013	2012	2011	2010	2009
$ 204,836	$ 201,881	$ 175,660	$ 134,536	$ 132,757
(204,836)	(201,881)	(175,660)	(134,536)	(132,757)
$ -	$ -	$ -	$ -	$ -
$ 1,480,029	$ 1,500,974	$ 1,397,454	$ 993,619	$ 1,349,157
13.84%	13.45%	12.57%	13.54%	9.84%

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER
CLARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 760,236	$ 764,851	$ 754,092	$ 715,751
Contributions in relation to the contractually required contribution	(760,236)	(764,851)	(754,092)	(715,751)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 5,430,257	$ 5,463,221	$ 5,386,371	$ 5,505,777
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

Note: Information prior to 2009 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

2013		2012		2011		2010		2009	
$	739,736	$	680,856	$	646,868	$	437,894	$	610,177
	(739,736)		(680,856)		(646,868)		(437,894)		(610,177)
$	-	$	-	$	-	$	-	$	-
$	5,690,277	$	5,237,354	$	4,975,908	$	3,368,415	$	4,693,669
	13.00%		13.00%		13.00%		13.00%		13.00%

NOTE 1 – BUDGETARY PROCESS

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

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

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

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 that:

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

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

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

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

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund are as follows:

NOTE 1 – BUDGETARY PROCESS - (Continued)

Net Change in Fund Balance

	General fund
Budget basis	$ (14,136)
Net adjustment for revenue accruals	779,507
Net adjustment for expenditure accruals	(36,874)
Net adjustment for other sources/uses	(137,851)
Funds budgeted elsewhere	119,646
Adjustment for encumbrances	192,389
GAAP basis	$ 902,681

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the rotary fund, the internal service rotary fund and the public school fund.

Budgetary Noncompliance – Ohio Rev. Code § 5705.38(B), 5705.39, 5705.40, and 5705.41(B)

The Board approved permanent appropriations at the fund, function, and object level at the September 12, 2016 meeting; however the Center did not file the appropriations with the County Auditor. The Board approved amended appropriations in May 2017 at the fund level and the Center filed the amendment with the County Auditor. As a result, the permanent appropriations were not considered to be legally effective, which led to expenditures exceeding appropriations in all funds, until May 2017. In addition, the amendments were not approved at the same legal level of control as the original permanent appropriations. Furthermore, prior to the final appropriations being filed with the county auditor in June 2017, appropriations in the Uniform School Supply Fund, Rotary Accounts Fund, and Perkins Fund exceeded the estimated resources on the first amended certificate of estimated resources.

NOTE 2 – REQUIRED SUPPLEMENTARY INFORMATION FOR THE CENTER'S NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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

Springfield-Clark Career Technology Center
Clark County
1901 Selma Road
Springfield, Ohio 45505

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Springfield-Clark Career Technology Center, Clark County, (the Center), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated April 27, 2018.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards,* which is described in the accompanying Schedule of Findings as item 2017-001.

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Center's Response to Finding

The Center's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Center's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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

April 27, 2018

SCHEDULE OF FINDINGS
JUNE 30, 2017

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

FINDING NUMBER 2017-001

Noncompliance - Budgetary

Ohio Rev. Code § 5705.38(B) states, a board of education shall pass its annual appropriation measure by the first day of October. If, by the first day of October, a board has not received either the amended certificates of estimated resources required by division (B) of § 5705.36 of the Revised Code or certifications that no amended certificates need be issued, the adoption of the annual appropriation measure shall be delayed until the amended certificates or certifications are received. Prior to the passage of the annual appropriation measure, the board may pass a temporary appropriation measure for meeting the ordinary expenses of the district until it passes an annual appropriation measure, and appropriations made in the temporary measure shall be chargeable to the appropriations in the annual appropriation measure for that fiscal year when passed. During the fiscal year and after the passage of the annual appropriation measure, a district may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate. School district appropriation measures shall be in the form as the auditor of state, after consultation with the tax commissioner, prescribes.

Ohio Rev. Code § 5705.39 states, in part, that no appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

Ohio Rev. Code § 5705.40 states, in part, any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. Ohio Admin. Code § 117-6-02 states, in part, at a minimum, appropriation measures shall be classified to set forth separately the amounts appropriated by fund. The appropriation measure as passed by the school board shall be the legal level of control. This is the level at which compliance with statutory budgetary requirements will be determined.

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

The Board approved permanent appropriations at the fund, function, and object level at the September 12, 2016 meeting; however the Center did not file the appropriations with the County Auditor. The Board approved amended appropriations in May 2017 at the fund level and the Center filed the amendment with the County Auditor. As a result, the permanent appropriations were not considered to be legally effective, which led to expenditures exceeding appropriations in all funds, until May 2017. In addition, the amendments were not approved at the same legal level of control as the original permanent appropriations. Furthermore, prior to the final appropriations being filed with the county auditor in June 2017, appropriations in the Uniform School Supply Fund, Rotary Accounts Fund, and Perkins Fund exceeded the estimated resources on the first amended certificate of estimated resources.

The failure to have adequate appropriation authority in place at the time of expenditure can result in deficit spending.

FINDING NUMBER 2017-001
(Continued)

Noncompliance – Budgetary – Ohio Rev. Code § 5705.38(B) (Continued)

The Treasurer should file all appropriation resolutions, which are approved by the Board of Education, with the county auditor so the appropriation measures can be certified and become legally effective. The Center should approve appropriation modifications at the same legal level of control as was approved in the permanent appropriations. The Treasurer and Board should frequently monitor budgeted appropriations, in comparison with the estimated revenue, to assure the Center is not overspending its resources.

Officials' Response:

The Schedule of Findings has been reviewed and the Center has taken steps to correct these deficiencies.

SPRINGFIELD-CLARK CTC
CAREER TECHNOLOGY CENTER
The Path to Success

1901 Selma Road
Springfield, Ohio 45505
937-325-7368
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDING
JUNE 30, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Failure to properly report financial activity on the GAAP basis.	Fully Corrected	N/A

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Dave Yost · Auditor of State

SPRINGFIELD-CLARK CAREER TECHNOLOGY CENTER

CLARK 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
JUNE 14, 2018

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