WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

MARY WORKMAN, TREASURER

Dave Yost • Auditor of State

Board of Education
Wayne County Schools Career Center
518 W. Prospect Street
Smithville, Ohio 44677

We have reviewed the *Independent Auditor's Report* of the Wayne County Schools Career Center, Wayne County, prepared by Julian & Grube, Inc., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost
Auditor of State

February 12, 2018

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WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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Julian & Grube, Inc.
Serving Ohio Local Governments
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Independent Auditor's Report

Wayne County Schools Career Center
Wayne County
518 West Prospect Street
Smithville, Ohio 44677

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Schools Career Center, Wayne County, Ohio, as of and for the fiscal year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Wayne County Schools Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Schools Career Center, Wayne County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Classroom Facilities Maintenance funds thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Board of Education
Wayne County Schools Career Center

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017, on our consideration of the Wayne County Schools Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne County Schools Career Center's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 14, 2017

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- The Career Center's net position of governmental activities increased $343,854 which represents a 1.85% increase from 2016.

- General revenues accounted for $10,289,067 in revenue or 61.29% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $6,497,087 or 38.71% of total revenues of $16,786,154.

- The Career Center had $16,442,300 in expenses related to governmental activities; only $6,497,087 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $10,289,067 were adequate to provide for these programs.

- The Career Center's major governmental funds are the general fund, classroom facilities maintenance fund and permanent improvement fund. The general fund had $12,081,344 in revenues and $14,198,613 in expenditures and other financing uses. The general fund's fund balance decreased $2,117,269 from a balance of $8,884,171 to $6,766,902.

- The classroom facilities maintenance fund had $455,473 in revenues and other financing sources and $165,408 in expenditures. The classroom facilities maintenance fund's fund balance increased $290,065 from $2,586,747 to $2,876,812.

- The permanent improvement fund had $1,390,131 in revenues and $1,786,893 in expenditures. The permanent improvement fund balance decreased $396,762 from $1,898,199 to $1,501,437.

Using the Basic Financial Statements (BFS)

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did 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, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 11. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund, classroom facilities maintenance fund and permanent improvement fund.

Governmental Funds

All of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18-27 of this report.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in a separate statement of agency assets and liabilities on page 28. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-64 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 Career Center's net pension liability. The required supplementary information can be found on pages 66-72 of this report.

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The Career Center as a Whole

The statement of net position provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net position for June 30, 2017 and June 30, 2016.

Net Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current assets	$ 19,254,185	$ 22,183,551
Capital assets, net	26,892,229	24,466,985
Total assets	46,146,414	46,650,536
Deferred Outflows of Resources		
Pensions	3,982,847	1,810,448
Liabilities		
Current liabilities	1,263,323	1,383,886
Long-term liabilities:		
Due within one year	1,278,435	1,229,711
Due in more than one year:		
Net pension liability	22,242,437	18,233,835
Other amounts	590,871	1,781,965
Total liabilities	25,375,066	22,629,397
Deferred inflows		
Property taxes levied for the next fiscal year	5,493,227	5,595,670
Pensions	341,140	1,659,943
Total deferred inflows	5,834,367	7,255,613
Net Position		
Net investment in capital assets	25,598,507	21,845,640
Restricted	5,662,592	5,883,977
Unrestricted (deficit)	(12,341,271)	(9,153,643)
Total net position	$ 18,919,828	$ 18,575,974

Net Pension Liability

The Career Center has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and 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 Career 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 Career 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 Career 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. In addition, the Career Center has reported a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Analysis of Net Position

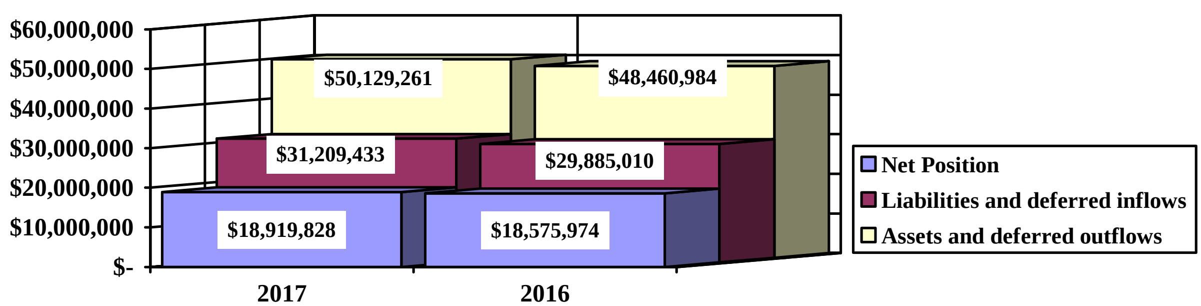
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the Career Center's assets and deferred outflows exceeded liabilities and deferred inflows of resources by $18,919,828.

Current and other assets decreased as the Career Center expended cash to complete the new Robotics & Advanced Manufacturing Technology Education Collaborative (RAMTEC) facility. Long-term liabilities increased as a result of an increase in the net pension liability discussed above. In relation to its effect on net position, the impact of the increase in the net pension liability is partially offset by an increase in deferred outflows of resources related to pension and a decrease in deferred inflows of resources related to pension. These factors are outside of the control of the Career Center. The Career Center contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to Career Center employees, not the Career Center.

At fiscal year-end, capital assets represented 58.28% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2017 was $25,598,507. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, $5,662,592, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of $12,341,271. The graph below illustrates the Career Center's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2017 and June 30, 2016.

Governmental - Net Position



WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

The table that follows shows the changes in net position for governmental activities for fiscal years 2017 and 2016.

Change in Net Position

	Governmental Activities 2017	Governmental Activities 2016
Revenues		
Program revenues:		
Charges for services and sales	$ 2,135,936	$ 1,958,396
Operating grants and contributions	4,361,151	4,113,429
Capital grants and contributions	-	653,367
General revenues:		
Property taxes	6,223,206	6,133,070
Grants and entitlements not restricted to specific programs	4,037,680	4,460,262
Investment earnings	28,181	140,220
Miscellaneous	-	4,674
Total revenues	16,786,154	17,463,418
Expenses		
Program expenses:		
Instruction:		
Regular	2,452,042	2,384,809
Special	22,905	25,035
Vocational	5,829,718	5,789,876
Adult education	1,432,923	1,290,586
Support services:		
Pupil	554,749	599,004
Instructional staff	2,037,994	1,882,740
Board of education	52,181	64,546
Administration	870,009	882,289
Fiscal	478,867	419,815
Operations and maintenance	1,604,384	1,523,438
Pupil transportation	28,516	20,027
Central	107,051	104,055
Operation of non-instructional services:		
Food service operations	276,922	256,200
Other non-instructional services	585,168	555,602
Extracurricular activities	31,302	29,100
Interest and fiscal charges	77,569	126,665
Total expenses	16,442,300	15,953,787
Changes in net position	343,854	1,509,631
Net position at beginning of year	18,575,974	17,066,343
Net position at end of year	$ 18,919,828	$ 18,575,974

Governmental Activities

Net position of the Career Center's governmental activities increased $343,854. Total governmental expenses of $16,442,300 were offset by program revenues of $6,497,087 and general revenues of $10,289,067. Program revenues supported 39.51% of the total governmental expenses.

The largest source of revenue comes from property taxes and unrestricted grants and entitlements, which account for 61.13% of total governmental revenues. Real estate property is reappraised every six years. On a GAAP basis, property tax revenues increased $90,136 due to increased collections. Unrestricted grants and entitlements include monies received from the Ohio Department of Education, State foundation, and property tax relief such as homestead rollbacks and exemptions. Capital grants and contributions decreased as the Straight A grant for equipment to be utilized in the Career Center's new RAMTEC facility was completed in fiscal year 2017.

Overall, expenses increased $488,513, or 3.06%, from the previous fiscal year. The largest expense of the Career Center is for instructional programs. Instruction expenses totaled $9,737,588 or 59.22% of total governmental expenses for fiscal year 2017. Pension expense was the primary reason for the increase in expenses. Pension expense for fiscal year 2017 was $1,585,962 compared to $836,475 for fiscal year 2016. Pension expense is reported as a program expense of the program benefitting from the employee's service.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

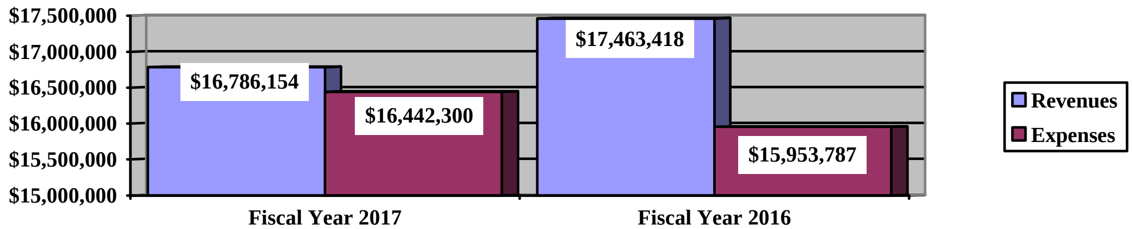
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses:				
Instruction:				
Regular	$ 2,452,042	$ 2,263,931	$ 2,384,809	$ 2,060,483
Special	22,905	22,113	25,035	22,926
Vocational	5,829,718	2,523,033	5,789,876	2,320,808
Adult education	1,432,923	(7,207)	1,290,586	(39,423)
Support services:				
Pupil	554,749	387,331	599,004	392,874
Instructional staff	2,037,994	1,500,210	1,882,740	1,342,597
Board of Education	52,181	52,181	64,546	64,546
Administration	870,009	836,098	882,289	845,245
Fiscal	478,867	478,359	419,815	417,392
Operations and maintenance	1,604,384	1,604,384	1,523,438	1,523,438
Pupil transportation	28,516	28,516	20,027	20,027
Central	107,051	2,262	104,055	(5,513)
Operations of non-instructional services				
Food service operations	276,922	(10,279)	256,200	(14,649)
Other non-instructional services	585,168	202,123	555,602	152,379
Extracurricular activities	31,302	(15,411)	29,100	(1,200)
Interest and fiscal charges	77,569	77,569	126,665	126,665
Total expenses	$ 16,442,300	$ 9,945,213	$ 15,953,787	$ 9,228,595

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

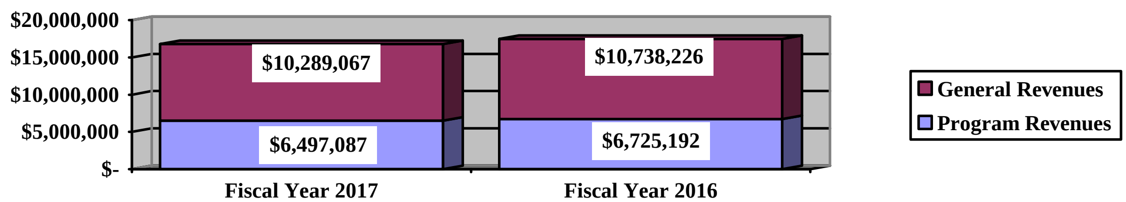
The dependence upon tax revenues during fiscal year 2017 for governmental activities is apparent, as 49.31% of 2017 instruction activities are supported through taxes and other general revenues. All governmental activities general revenue support was 60.49% in 2017. The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2017 and 2016.

Governmental Activities - Revenues and Expenses



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

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of $12,312,797, which is less than last year's total of $14,459,893. 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
General	$ 6,766,902	$ 8,884,171	$ (2,117,269)
Classroom Facilities Maintenance	2,876,812	2,586,747	290,065
Permanent Improvement	1,501,437	1,898,199	(396,762)
Other Governmental	1,167,646	1,090,776	76,870
Total	$ 12,312,797	$ 14,459,893	$ (2,147,096)

General Fund

The Career Center's general fund balance decreased $2,117,269 as revenues remained comparable to the prior fiscal year while expenditures increased primarily due to construction of the RAMTEC facility. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2017 Amount	2016 Amount	Percentage Change
Revenues			
Taxes	$ 4,744,721	$ 4,656,125	1.90 %
Tuition	278,326	140,646	97.89 %
Interest earnings	29,415	135,085	(78.22) %
Intergovernmental	6,454,860	6,605,192	(2.28) %
Other revenues	574,022	564,717	1.65 %
Total	$ 12,081,344	$ 12,101,765	(0.17) %

Property tax revenue increased due to increased collections in fiscal year 2017. Tuition revenue increased as open enrollment increased for the Career Center. The decrease in interest earnings was due primarily to the Career Center being required reporting of investments at fair value rather than cost. The fluctuations in fair value can cause fluctuations in the amounts reported as interest earnings for a given fiscal year. The Career Center intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value. Intergovernmental revenue decreased due to reduced funding from the State of Ohio. Other revenues, which includes refunds and reimbursements plus miscellaneous revenues, remained consistent with the prior fiscal year.

The table that follows assists in illustrating the expenditures of the general fund.

	2017 Amount	2016 Amount	Percentage Change
Expenditures			
Instruction	$ 6,965,535	$ 7,137,746	(2.41) %
Support services	4,002,321	4,015,842	(0.34) %
Operation of non-instructional services	200,515	141,123	42.09 %
Extracurricular activities	27,865	27,538	1.19 %
Facilities acquisition and construction	2,837,620	579,308	389.83 %
Total	$ 14,033,856	$ 11,901,557	17.92 %

Instruction and support services expenditures remained comparable to the prior fiscal year. Operation of non-instructional services increased due to an increase in the Career Center's shared services. Facilities acquisition and construction expenditures increased as the Career Center completed the construction of the RAMTEC facility and performed lab renovations during fiscal year 2017.

Classroom Facilities Maintenance Fund

The classroom facilities maintenance fund had $455,473 in revenues and other financing sources and $165,408 in expenditures. The classroom facilities maintenance fund's fund balance increased $290,065 from $2,586,747 to $2,876,812. The classroom facilities maintenance fund received a transfer in of $164,757 in fiscal year 2017.

Permanent Improvement Fund

The permanent improvement fund had $1,390,131 in revenues and $1,786,893 in expenditures. During fiscal year 2017, the Career Center continued lab renovation projects which are being is being financed by the permanent improvement fund. The permanent improvement fund balance decreased $396,762 from $1,898,199 to $1,501,437.

General Fund Budgeting Highlights

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

For the general fund, the final budgeted revenue and other financing sources was $11,670,662. The original budgeted revenue and other financing sources was $11,670,662. Actual revenue and other financing sources was $11,867,045. The difference between the final budgeted revenues and other financing sources and the actual revenues and other financing sources was $196,383. The original budget was not amended to arrive at final budget revenues and other financing sources.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were $14,367,509. This amount was $657,817 less than the final budgeted amount (appropriations plus prior year encumbrances) primarily due to an overestimation of vocational expenditures. The final budgeted expenditures and other financing uses were not changed from the original budgeted amount. Overall, fund balance on the budget basis decreased $2,500,464 over the prior fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2017, the Career Center had $26,892,229 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. The following table shows fiscal 2017 balances compared to 2016:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 611,258	$ 611,258
Construction in progress	-	697,678
Land improvements	1,756,688	1,893,573
Building and improvements	22,133,166	20,235,437
Furniture and equipment	2,264,440	881,865
Vehicles	126,677	147,174
Total	$ 26,892,229	$ 24,466,985

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

Debt Administration

At June 30, 2017, the Career Center had $1,185,000 in long-term debt outstanding. All of this total is due within one year. The following table summarizes the long-term debt outstanding at June 30, 2017 and June 30, 2016.

Outstanding Debt, at Year End

	Governmental Activities 2017	Governmental Activities 2016
Capital lease obligation	$ 1,185,000	$ 2,320,000

See Note 11 to the basic financial statements for additional information on the Career Center's capital lease obligation.

Current Financial Related Activity

The Career Center continues to have a positive financial outlook and will for the next few years unless changes in state and federal laws decrease income. The State of Ohio adopted the Biennial budget in June of 2017 (HB49). HB49 applies for fiscal year 2018 and 2019. This new funding model has provided a slight increase in core funding per pupil. School districts are guaranteed 100% of the fiscal year 2017 state aid unless a school district had more than a 5% decline in total average daily membership (ADM) between fiscal year 2014 through fiscal year 2016. School districts with more than a 5% decline are subject to an adjusted guarantee no less than 95%. It is estimated the Career Center will remain on the funding guarantee for fiscal year 2018.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mary Workman, Treasurer, Wayne County Career Center, 518 West Prospect Street, Smithville, Ohio 44677.

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 13,085,960
Receivables:	
Property taxes	5,945,910
Accounts	122,668
Accrued interest	19,042
Intergovernmental	68,211
Prepayments	12,394
Capital assets:	
Nondepreciable capital assets	611,258
Depreciable capital assets, net	26,280,971
Capital assets, net	26,892,229
Total assets	46,146,414
Deferred outflows of resources:	
Pension - STRS	3,105,741
Pension - SERS	877,106
Total deferred outflows of resources	3,982,847
Liabilities:	
Accounts payable	56,408
Contracts payable	12,861
Retainage payable	95,861
Accrued wages and benefits payable	816,575
Intergovernmental payable	218,204
Accrued vacation leave payable	49,091
Accrued interest payable	4,691
Unearned revenue	9,632
Long-term liabilities:	
Due within one year	1,278,435
Due in more than one year:	
Net pension liability (See Note 14)	22,242,437
Other amounts due in more than one year	590,871
Total liabilities	25,375,066
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,493,227
Pension - STRS	313,109
Pension - SERS	28,031
Total deferred inflows of resources	5,834,367
Net position:	
Net investment in capital assets	25,598,507
Restricted for:	
Capital projects	1,636,886
Classroom facilities maintenance	2,876,812
Locally funded programs	3,419
State funded programs	9,611
Federally funded programs	9
Food service operations	230,031
Adult education programs	896,554
Other purposes	9,270
Unrestricted (deficit)	(12,341,271)
Total net position	$ 18,919,828

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE 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:				
Regular	$ 2,452,042	$ -	$ 188,111	$ (2,263,931)
Special	22,905	-	792	(22,113)
Vocational	5,829,718	689,096	2,617,589	(2,523,033)
Adult/continuing	1,432,923	1,035,397	404,733	7,207
Support services:				
Pupil	554,749	-	167,418	(387,331)
Instructional staff	2,037,994	289,324	248,460	(1,500,210)
Board of education	52,181	-	-	(52,181)
Administration	870,009	-	33,911	(836,098)
Fiscal	478,867	-	508	(478,359)
Operations and maintenance	1,604,384	-	-	(1,604,384)
Pupil transportation	28,516	-	-	(28,516)
Central	107,051	-	104,789	(2,262)
Operation of non-instructional services:				
Food service operations	276,922	114,333	172,868	10,279
Other non-instructional services	585,168	-	383,045	(202,123)
Extracurricular activities	31,302	7,786	38,927	15,411
Interest and fiscal charges	77,569	-	-	(77,569)
Total governmental activities	16,442,300	2,135,936	4,361,151	(9,945,213)

General revenues:	
Property taxes levied for:	
General purposes	4,743,092
Capital outlay	1,189,398
Classroom facilities maintenance	290,716
Grants and entitlements not restricted to specific programs	4,037,680
Investment earnings	28,181
Total general revenues	10,289,067
Change in net position	343,854
Net position at beginning of year	18,575,974
Net position at end of year	$ 18,919,828

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Classroom Facilities Maintenance	Permanent Improvement	Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	$ 7,535,377	$ 2,876,812	$ 1,435,230	$ 1,238,541
Receivables:				
Property taxes	4,663,625	290,716	991,569	-
Accounts	67,599	-	-	55,069
Accrued interest	19,042	-	-	-
Interfund loans	1,084	-	-	-
Intergovernmental	27,685	-	-	40,526
Prepayments	8,470	-	-	3,924
Total assets	$ 12,322,882	$ 3,167,528	$ 2,426,799	$ 1,338,060
Liabilities:				
Accounts payable	$ 51,012	$ -	$ -	$ 5,396
Contracts payable	12,861	-	-	-
Retainage payable	95,861	-	-	-
Accrued wages and benefits payable	725,147	-	-	91,428
Compensated absences payable	-	-	-	8,152
Intergovernmental payable	199,422	-	-	18,782
Interfund loans payable	-	-	-	1,084
Unearned revenue	-	-	-	9,632
Total liabilities	1,084,303	-	-	134,474
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	4,308,567	290,716	893,944	-
Delinquent property tax revenue not available	114,265	-	31,418	-
Accrued interest not available	11,024	-	-	-
Intergovernmental revenue not available	-	-	-	18,766
Tuition revenue not available	37,821	-	-	17,174
Total deferred inflows of resources	4,471,677	290,716	925,362	35,940
Fund balances:				
Nonspendable:				
Prepaids	8,470	-	-	3,924
Restricted:				
Capital improvements	-	-	1,501,437	-
Adult education	-	-	-	933,482
Classroom facilities maintenance	-	2,876,812	-	-
Food service operations	-	-	-	232,420
Vocational education	-	-	-	8,446
Other purposes	-	-	-	12,689
Assigned:				
Student instruction	152,457	-	-	-
Student and staff support	40,920	-	-	-
Facilities acquisition and construction	68,194	-	-	-
Subsequent year's appropriations	129,495	-	-	-
School supplies	272,756	-	-	-
Other purposes	36,320	-	-	-
Unassigned	6,058,290	-	-	(23,315)
Total fund balances	6,766,902	2,876,812	1,501,437	1,167,646
Total liabilities, deferred inflows and fund balances	$ 12,322,882	$ 3,167,528	$ 2,426,799	$ 1,338,060

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Governmental Funds
$ 13,085,960
5,945,910
122,668
19,042
1,084
68,211
12,394
$ 19,255,269
$ 56,408
12,861
95,861
816,575
8,152
218,204
1,084
9,632
1,218,777
5,493,227
145,683
11,024
18,766
54,995
5,723,695
12,394
1,501,437
933,482
2,876,812
232,420
8,446
12,689
152,457
40,920
68,194
129,495
272,756
36,320
6,034,975
12,312,797
$ 19,255,269

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WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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

Total governmental fund balances		$ 12,312,797
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.		26,892,229
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 145,683	
Accounts receivable	54,995	
Accrued interest receivable	11,024	
Intergovernmental receivable	18,766	
Total		230,468
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(4,691)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - Pension	3,982,847	
Deferred Inflows - Pension	(341,140)	
Net pension liability	(22,242,437)	
Total		(18,600,730)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligations	(1,185,000)	
Accrued vacation leave	(49,091)	
Compensated absences	(676,154)	
Total		(1,910,245)
Net position of governmental activities		$ 18,919,828

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

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

	General	Classroom Facilities Maintenance	Permanent Improvement	Nonmajor Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 4,744,721	$ 290,716	$ 1,194,640	$ -
Tuition	278,326	-	-	1,081,660
Earnings on investments	29,415	-	-	8
Charges for services	-	-	-	114,333
Extracurricular	2,967	-	-	4,819
Classroom materials and fees	141,269	-	-	232,020
Contributions and donations	154,367	-	-	-
Contract services	275,419	-	508	2,050
Intergovernmental - state	6,454,860	-	194,983	1,004,742
Intergovernmental - federal	-	-	-	1,137,878
Total revenues	12,081,344	290,716	1,390,131	3,577,510
Expenditures:				
Current:				
Instruction:				
Regular	1,984,751	-	-	237,942
Special	567	-	-	-
Vocational	4,954,023	-	-	427,876
Adult/continuing	26,194	-	-	1,364,918
Support services:				
Pupil	361,313	-	-	168,109
Instructional staff	1,408,245	-	-	525,561
Board of education	50,578	-	-	-
Administration	779,947	-	-	32,085
Fiscal	435,103	-	28,719	-
Operations and maintenance	948,530	164,408	-	-
Pupil transportation	18,605	-	-	-
Central	-	-	-	104,551
Operation of non-instructional services:				
Food service operations	-	-	-	254,449
Other non-instructional services	200,515	-	-	381,712
Extracurricular activities	27,865	-	-	3,437
Facilities acquisition and construction	2,837,620	1,000	541,349	-
Debt service:				
Principal retirement	-	-	1,135,000	-
Interest and fiscal charges	-	-	81,825	-
Total expenditures	14,033,856	165,408	1,786,893	3,500,640
Excess of revenues over (under) expenditures	(1,952,512)	125,308	(396,762)	76,870
Other financing sources (uses):				
Transfers in	-	164,757	-	-
Transfers (out)	(164,757)	-	-	-
Total other financing sources (uses)	(164,757)	164,757	-	-
Net change in fund balances	(2,117,269)	290,065	(396,762)	76,870
Fund balances at beginning of year	8,884,171	2,586,747	1,898,199	1,090,776
Fund balances at end of year	$ 6,766,902	$ 2,876,812	$ 1,501,437	$ 1,167,646

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Governmental Funds
$ 6,230,077
1,359,986
29,423
114,333
7,786
373,289
154,367
277,977
7,654,585
1,137,878
17,339,701
2,222,693
567
5,381,899
1,391,112
529,422
1,933,806
50,578
812,032
463,822
1,112,938
18,605
104,551
254,449
582,227
31,302
3,379,969
1,135,000
81,825
19,486,797
(2,147,096)
164,757
(164,757)
-
(2,147,096)
14,459,893
$ 12,312,797

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WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE 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		$ (2,147,096)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 4,253,872	
Current year depreciation	(1,828,628)	
Total		2,425,244
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property taxes	(6,871)	
Tuition	3,073	
Earnings on investments	(1,234)	
Intergovernmental	(548,515)	
Total		(553,547)
Repayment of 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:		1,135,000
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		4,256
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,068,562
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,585,962)
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 governments funds.		(2,603)
Change in net position of governmental activities		$ 343,854

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 4,746,500	$ 4,746,500	$ 4,755,385	$ 8,885
Tuition	134,000	134,000	276,719	142,719
Earnings on investments	75,500	75,500	109,865	34,365
Classroom materials and fees	36,000	36,000	39,458	3,458
Contributions and donations	5,000	5,000	-	(5,000)
Contract services	233,662	233,662	175,978	(57,684)
Intergovernmental - state	6,432,000	6,432,000	6,495,670	63,670
Total revenues	11,662,662	11,662,662	11,853,075	190,413
Expenditures:				
Current:				
Instruction:				
Regular	2,075,705	2,066,556	1,983,737	82,819
Vocational	5,258,045	5,316,292	5,025,081	291,211
Support services:				
Pupil	367,338	267,088	351,063	(83,975)
Instructional staff	1,419,627	1,411,813	1,356,729	55,084
Board of education	52,990	60,024	50,642	9,382
Administration	793,461	862,809	758,306	104,503
Fiscal	477,475	446,650	456,320	(9,670)
Operations and maintenance	1,001,312	1,029,170	956,948	72,222
Pupil transportation	19,036	17,720	18,193	(473)
Other operation of non-instructional services	200,985	213,160	192,080	21,080
Facilities acquisition and construction	3,181,095	3,155,787	3,040,153	115,634
Total expenditures	14,847,069	14,847,069	14,189,252	657,817
Excess of expenditures over revenues	(3,184,407)	(3,184,407)	(2,336,177)	848,230
Other financing sources (uses):				
Refund of prior year's expenditures	8,000	8,000	13,970	5,970
Transfers (out)	(178,257)	(178,257)	(178,257)	-
Total other financing sources (uses)	(170,257)	(170,257)	(164,287)	5,970
Net change in fund balance	(3,354,664)	(3,354,664)	(2,500,464)	854,200
Fund balance at beginning of year	6,579,456	6,579,456	6,579,456	-
Prior year encumbrances appropriated	2,590,996	2,590,996	2,590,996	-
Fund balance at end of year	$ 5,815,788	$ 5,815,788	$ 6,669,988	$ 854,200

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Expenditures:				
Current:				
Support services:				
Operations and maintenance.	$ 188,628	$ 188,628	$ 164,408	$ 24,220
Facilities acquisition and construction	110,000	110,000	1,000	109,000
Total expenditures	298,628	298,628	165,408	133,220
Excess of expenditures over revenues.	(298,628)	(298,628)	(165,408)	133,220
Other financing sources:				
Transfers in	455,473	455,473	455,473	-
Net change in fund balance	156,845	156,845	290,065	133,220
Fund balance at beginning of year	2,555,119	2,555,119	2,555,119	-
Prior year encumbrances appropriated . .	31,628	31,628	31,628	-
Fund balance at end of year	$ 2,743,592	$ 2,743,592	$ 2,876,812	$ 133,220

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2017

		Agency
Assets:		
Equity in pooled cash and investments	$	80,457
Receivables:		
Accounts		534
Total assets.	$	80,991
Liabilities:		
Undistributed monies	$	19,824
Due to students.		61,167
Total liabilities	$	80,991

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Wayne County Schools Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a thirteen member Board of Education consisting of a representative from the participating school districts' elected Boards. The Career Center is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Board possesses its own budgeting and taxing authority. The Career Center provides educational services as mandated by statute and/or federal agencies and operates one instructional/support facility. The Career Center is staffed by 27 classified employees and 91 certified teaching personnel who provide services to 798 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATION

Midland Council of Governments (the "Midland COG")

The Midland COG is a jointly governed organization among twenty-two boards of education. The Midland COG was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Midland COG is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services. During the fiscal year ended June 30, 2017, the Career Center paid $99,590 to the Midland COG for basic service charges.

Representation on the Midland COG consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Midland COG is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

INSURANCE POOLS

Stark County Schools Council of Governments (the "Council)
The Career Center participates in the Council for purpose of providing employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of 79 entities, most of which are school districts.

Ohio School Plan (the "Plan)
The Career Center participates in the Plan, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member Board consisting of superintendents, treasurers, and a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

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

B. Basis of Presentation

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

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

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

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

C. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The Career Center has no proprietary funds.

GOVERNMENTAL FUNDS

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

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

The following are the Career Center's major governmental funds:

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

Classroom facilities maintenance fund - The classroom facilities maintenance fund accounts for financial resources restricted to the maintenance and upkeep of Career Center facilities.

Permanent improvement fund - The permanent improvement fund accounts for property taxes restricted for the acquisition, construction, or improvement of capital facilities.

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

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 Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The Career Center's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency funds account for student activities and adult education direct loan rotary activities.

D. Measurement Focus

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

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

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

E. Basis of Accounting

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

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

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, see Note 14 for deferred outflows of resources related to the Career Center's net pension liability.

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

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

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes, but is not limited to, delinquent property taxes, tuition, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Career Center, see Note 14 for deferred inflows of resources related to the Career Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Budgetary Process

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

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

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

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated.

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

G. Cash and Investments

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

During fiscal year 2017, the Career Center’s investments included negotiable certificates of deposit (negotiable CDs), a U.S. Government money market mutual fund, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), investments are reported at fair value which is based on quoted market prices or current share price.

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

For fiscal year 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 Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2017 was $29,415, which includes $11,668 assigned from other Career Center funds.

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

An analysis of the Career Center’s investment accounts at fiscal year-end is provided in Note 4.

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

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

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

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Career Center had no restricted assets at June 30, 2017.

J. Capital Assets

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

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

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

Description	Estimated Useful lives
Land improvements	15 - 30 years
Buildings and improvements	30 - 50 years
Furniture and equipment	3 - 15 years
Vehicles	5 - 15 years

K. Interfund Balances

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

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

L. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means.

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

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

M. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liabilities 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. Capital leases are recognized as liabilities on the fund financial statements when due.

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The restriction on net position for other purposes consists of extracurricular activities.

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

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. 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 Career Center Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Career Center Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

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

P. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Transfers between governmental funds are eliminated for reporting on the government-wide statement of activities. Interfund services provided and used are not eliminated for reporting on the government-wide statement of activities. See Note 5.A. for details.

Q. Estimates

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

R. Pensions

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

T. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District 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 District's fiscal year 2017 financial statements (see Note 19); 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 District.

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 District.

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 District.

B. Deficit Fund Balances

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

Nonmajor funds	Deficit
Adult Basic Education	$ 3,840
Vocational Education	19,475

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

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

6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At fiscal year-end, the Career Center had $350 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all Career Center deposits was $3,476,133. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $3,309,191 of the Career Center's bank balance of $3,873,879 was exposed to custodial risk as discussed below, while $564,688 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Career 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 Career Center. The Career 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 Career Center to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2017, the Career Center had the following investments and maturities:

		Investment Maturity				
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:						
FFCB	$ 988,269	$ -	$ 988,269	$ -	$ -	$ -
FNMA	2,815,170	-	488,325	-	-	2,326,845
FHLB	499,797	-	499,797	-	-	-
FHLMC	657,035	-	-	-	657,035	-
Negotiable CDs	2,181,986	248,012	-	494,065	198,350	1,241,559
U.S. Government Money Market Mutual Fund	15,370	15,370	-	-	-	-
Amortized Cost:						
STAR Ohio	2,532,307	2,532,307	-	-	-	-
Total	$ 9,689,934	$ 2,795,689	$ 1,976,391	$ 494,065	$ 855,385	$ 3,568,404

The weighted average maturity of investments is 1.60 years.

The Career Center’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FFCB, FNMA, FHLB, FHLMC) and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the Career Center.

Credit Risk: The Career Center’s investments in federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The U.S. government money market mutual fund and STAR Ohio were rated AAAm by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CDs were not rated but are fully insured by the FDIC. The Career Center has no investment policy that would further limit its investment choices.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will no longer 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 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 Career Center's name. The Career Center has no investment policy dealing with investment custodial credit 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 Career 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 Career Center at June 30, 2017:

Measurement/ Investment type	Measurement value	% to total
Fair Value:		
FFCB	988,269	10.20
FNMA	2,815,170	29.05
FHLB	499,797	5.16
FHLMC	657,035	6.78
Negotiable CDs	2,181,986	22.52
U.S. Government Money Market Mutual Fund	15,370	0.16
Amortized Cost:		
STAR Ohio	2,532,307	26.13
Total	$ 9,689,934	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 3,476,133
Investments	9,689,934
Cash on hand	350
Total	$ 13,166,417
Cash and investments per statement of net position	
Governmental activities	$ 13,085,960
Agency funds	80,457
Total	$ 13,166,417

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers for the year ended June 30, 2017 consisted of the following:

	Transfer In	Transfer Out
General fund	$ -	$ 164,757
Classroom facilities and maintenance	164,757	-
Total	$ 164,757	$ 164,757

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During fiscal year 2017, the Career Center transferred $164,757 from the general fund to the classroom facilities maintenance fund to provide for future facilities maintenance expenditures.

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

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

	Interfund Receivable	Interfund Payable
General fund	$ 1,084	$ -
Nonmajor governmental funds	-	1,084
Total	$ 1,084	$ 1,084

The primary purpose of the interfund balances is to cover cash deficits at June 30. These interfund balances will be repaid once the anticipated cash is 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 Career Center fiscal year runs from July through June. First half tax collections are received by the Career Center in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

NOTE 6 - PROPERTY TAXES - (Continued)

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 Career Center receives property taxes from Wayne, Medina, Holmes, Stark and Ashland Counties. The County Auditors periodically advance to the Career Center their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $240,793 in the general fund and $66,207 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was $251,457 in the general fund and $79,543 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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. 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	$ 2,325,019,540	95.65	$ 2,344,545,610	95.57
Public utility personal	105,808,170	4.35	108,628,710	4.43
Total	$ 2,430,827,710	100.00	$ 2,453,174,320	100.00
Tax rate per $1,000 of assessed valuation	$ 4.85		$ 4.85	

NOTE 7 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and the classroom facilities maintenance 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) Certain funds are included in the general fund (GAAP basis), but have separate legally adopted budget (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 and the classroom facilities maintenance fund is as follows:

Net Change in Fund Balance

	General Fund	Classroom Facilities Maintenance Fund
Budget basis	$ (2,500,464)	$ 290,065
Net adjustment for revenue accruals	(108,958)	290,716
Net adjustment for expenditure accruals	92,721	-
Net adjustment for other sources/uses	(470)	(290,716)
Funds budgeted elsewhere **	65,282	-
Adjustment for encumbrances	334,620	-
GAAP basis	$ (2,117,269)	$ 290,065

** Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund, the public school support fund, and the customer services fund.

NOTE 8 - 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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

Governmental activities	
Property taxes	$ 5,945,910
Accounts	122,668
Intergovernmental	68,211
Accrued interest	19,042
Total governmental activities	$ 6,155,831

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NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	Balance 06/30/16	Additions	Deductions	Balance 06/30/17
Governmental activities:				
Nondepreciable capital assets:				
Land	$ 611,258	$ -	$ -	$ 611,258
Construction in progress	697,678	2,614,774	(3,312,452)	-
Total nondepreciable capital assets	1,308,936	2,614,774	(3,312,452)	611,258
Depreciable capital assets:				
Land improvements	2,737,702	-	-	2,737,702
Buildings and improvements	32,722,752	3,321,352	-	36,044,104
Furniture and equipment	2,363,242	1,630,198	-	3,993,440
Vehicles	350,990	-	-	350,990
Total depreciable capital assets	38,174,686	4,951,550	-	43,126,236
Less: accumulated depreciation				
Land improvements	(844,129)	(136,885)	-	(981,014)
Buildings and improvements	(12,487,315)	(1,423,623)	-	(13,910,938)
Furniture and equipment	(1,481,377)	(247,623)	-	(1,729,000)
Vehicles	(203,816)	(20,497)	-	(224,313)
Total accumulated depreciation	(15,016,637)	(1,828,628)	-	(16,845,265)
Depreciable capital assets, net	23,158,049	3,122,922	-	26,280,971
Governmental activities capital assets, net	$ 24,466,985	$ 5,737,696	$ (3,312,452)	$ 26,892,229

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 154,217
Special	22,316
Vocational	862,527
Adult/continuing	58,406
Support services:	
Pupil	11,555
Instructional staff	28,985
Administration	31,115
Fiscal	6,033
Operations and maintenance	607,090
Pupil transportation	8,743
Food service operations	37,641
Total depreciation expense	$ 1,828,628

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

During fiscal year 2009, the Career Center entered into a lease-purchase agreement for the classroom renovations to the school. The Career Center is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The Career Center is acting as an agent for the lessor, and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited $9,120,000, with a fiscal agent for the renovation project. Huntington National Bank has sold certificates of participation in the building lease. The Career Center will make annual lease payments to Huntington National Bank. Interest rates range between 4.00 percent and 4.75 percent. The lease is renewable annually and expires in November 2017. The intention of the Career Center is to renew the lease annually.

As of June 30, 2017, $9,120,000 of capital assets acquired by lease have been capitalized. Principal payments in fiscal year 2017 totaled $1,135,000. Payments will be made on the lease from the permanent improvement fund.

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

Fiscal Year Ending June 30,	Governmental Activities
2018	1,213,144
	1,213,144
Less: amount representing interest	(28,144)
Present value of minimum lease payments	$ 1,185,000

NOTE 11 - LONG-TERM OBLIGATIONS

A. The Career Center's long-term obligations during the year 2017 were as follows.

	Balance 06/30/16	Additions	Reductions	Balance 06/30/17	Amounts due in one year
Governmental activities:					
Capital lease:					
2009 classroom facility project - certificates of participation 4.00-4.75%, maturity 11/2017	$ 2,320,000	$ -	$ (1,135,000)	$ 1,185,000	$ 1,185,000
Other long-term obligations:					
Net pension liability:					
STRS	15,189,889	3,196,778	-	18,386,667	-
SERS	3,043,946	811,824	-	3,855,770	-
Total net pension liability	18,233,835	4,008,602	-	22,242,437	-
Compensated absences payable	691,676	30,699	(38,069)	684,306	93,435
Total governmental activities long-term obligations	$ 21,245,511	$ 4,039,301	$ (1,173,069)	$ 24,111,743	$ 1,278,435

Capital lease obligation - See Note 10 for details.

Net pension liability - The Career Center pays obligations related to employee compensation from the fund benefitting from their service. See Note 14 for details.

Compensated absences - Compensated absences will be paid from the general fund, the adult education fund (a nonmajor governmental fund) and the food service fund (a nonmajor governmental fund).

NOTE 12 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the Career Center, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

NOTE 12 - OTHER EMPLOYEE BENEFITS - COMPENSATED ABSENCES - (Continued)

The Superintendent earns 25 days of vacation per year and is allowed to cash in up to 15 unused vacation days per year. The Treasurer earns 22 days of vacation per year and is allowed to carry over up to 20 unused vacation days per year and cash in up to 15 unused vacation days per year. The Director of Operations and Principal earn 20 days of vacation per year and are allowed to carry over up to 20 unused vacation days per year. Administrators and teachers do not earn vacation.

NOTE 13 - RISK MANAGEMENT

A. General Insurance

The Career Center is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The Career Center has a comprehensive property and casualty policy with a deductible of $1,000 per incident. The Career Center's vehicle liability insurance policy limit is $3,000,000 for each occurrence with a collision deductible of $1,000 for buses and $500 for all other vehicles. All administrators and employees are covered under a Career Center liability policy. The limits of this coverage are $3,000,000 per occurrence and $5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years, nor has insurance coverage been significantly reduced from the prior fiscal year.

The Career Center is a member of the Ohio School Plan for Building, Grounds, Liability, and Vehicle Insurance. The comprehensive property and casualty deductible is $1,000 and the vehicle collision is $500. The Ohio School Plan has over 300 school districts insured.

B. Fidelity Bond

The Board President and Superintendent each have a $20,000 position bond. The Treasurer is covered under a surety bond in the amount of $20,000. All other school employees who are responsible for handling funds are covered by a $10,000 fidelity bond.

C. Workers' Compensation

The Career Center pays the State Workers' Compensation System a premium based on a rate per $100 of salaries.

D. Employee Health Insurance

The Career Center is contracted with Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

NOTE 13 - RISK MANAGEMENT - (Continued)

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the Career Center by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts. Rates are set through an annual calculation process. The Career Center pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon termination, all Career Center claims would be paid without regard to the Career Center's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to a leaving school district subsequent to the settlement of all expenses and claims.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 Career Center's contractually required contribution to SERS was $232,317 for fiscal year 2017. Of this amount, $15,041 is reported as intergovernmental payable.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Career Center’s contractually required contribution to STRS was $836,245 for fiscal year 2017. Of this amount, $96,641 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the 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	0.05334550%	0.05496200%	
Proportion of the net pension liability current measurement date	0.05268110%	0.05492982%	
Change in proportionate share	(0.00066440)%	(0.00003218)%	
Proportionate share of the net pension liability	$ 3,855,770	$ 18,386,667	$ 22,242,437
Pension expense	$ 401,919	$ 1,184,043	$ 1,585,962

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the Career Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 52,007	$ 742,908	$ 794,915
Net difference between projected and actual earnings on pension plan investments	318,044	1,526,588	1,844,632
Changes of assumptions	257,394	-	257,394
Difference between Career Center contributions and proportionate share of contributions/change in proportionate share	17,344	-	17,344
Career Center contributions subsequent to the measurement date	232,317	836,245	1,068,562
Total deferred outflows of resources	$ 877,106	$ 3,105,741	$ 3,982,847

	SERS	STRS	Total
Deferred inflows of resources			
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	$ 28,031	$ 313,109	$ 341,140

$1,068,562 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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	$ 154,847	$ 255,433	$ 410,280
2019	154,619	255,432	410,051
2020	215,867	841,224	1,057,091
2021	91,425	604,298	695,723
Total	$ 616,758	$ 1,956,387	$ 2,573,145

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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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.

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Career Center's proportionate share of the net pension liability	$ 5,104,800	$ 3,855,770	$ 2,810,281

NOTE 14 - 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	12.25 percent at age 20 to 2.75 percent at age 70
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.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	$ 24,434,386	$ 18,386,667	$ 13,285,059

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 the Career Center's NPL is expected to be significant.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The Career Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 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.

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 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 Career Center's surcharge obligation was $27,743.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2017, 2016, and 2015 were $27,743, $27,464, and $39,738, respectively. The fiscal year 2017 amount has been reported as intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

Plan Description – The Career 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. None of the Career Center's contributions were allocated to fund health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Career Center foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Career Center.

NOTE 17 - SET-ASIDES

The Career Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures 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	125,707
Current year offsets	(1,614,132)
Total	$ (1,488,425)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 18 - COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 286,571
Permanent improvement	4,418
Nonmajor governmental	29,776
Total	$ 320,765

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments have entered into property tax abatement agreements with property owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program within taxing districts of the Career Center. The EZAs and CRA program are direct incentive tax exemption programs benefiting property owners who renovate existing buildings or construct new buildings. Under these programs, the other governments have designated areas to encourage revitalization of the existing structures and the development of new structures. The Career Center has incurred a reduction in property tax receipts due to agreements entered into by other governments. During fiscal year 2017, the Career Center's property tax receipts were reduced under agreements entered into by other governments as follows:

Government Entering	Tax Abatement Program		Career Center
Into Agreement	CRA	Ezone	Foregone Taxes
Baugman Township	$ 78	$ -	$ 78
Canaan Township	-	549	549
Chester Township	-	1,297	1,297
Chippewa Township	-	103	103
East Union Township	-	308	308
Franklin Township	90	-	90
Orrville City/Baugman Township	984	3,807	4,791
Orrville City/Green Township	1,869	7,169	9,038
Plain Township	-	14	14
Rittman City/Township	2,064	-	2,064
Sugar Creek Township/Village of Dalton	-	284	284
Wooster City/Killbuck Township	11,069	21,555	32,624
Wooster Township	-	460	460
Total	$ 16,154	$ 35,546	$ 51,700

The Career Center is not receiving any amounts from these other governments in association with the forgone property tax receipts.

REQUIRED SUPPLEMENTARY INFORMATION

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Career Center's proportion of the net pension liability	0.05268110%	0.05334550%	0.05268100%	0.05268100%
Career Center's proportionate share of the net pension liability	$ 3,855,770	$ 3,043,946	$ 2,666,155	$ 3,132,770
Career Center's covered-employee payroll	$ 1,637,657	$ 1,605,979	$ 1,530,801	$ 1,852,290
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.44%	189.54%	174.17%	169.13%
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 District's measurement date which is the prior year-end.

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Career Center's proportion of the net pension liability	0.05492982%	0.05496200%	0.05676394%	0.05676394%
Career Center's proportionate share of the net pension liability	$ 18,386,667	$ 15,189,889	$ 13,806,955	$ 16,446,754
Career Center's covered-employee payroll	$ 5,794,286	$ 5,754,036	$ 5,799,708	$ 6,341,900
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	317.32%	263.99%	238.06%	259.33%
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 District's measurement date which is the prior year-end.

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 232,317	$ 229,272	$ 211,668	$ 212,169
Contributions in relation to the contractually required contribution	(232,317)	(229,272)	(211,668)	(212,169)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 1,659,407	$ 1,637,657	$ 1,605,979	$ 1,530,801
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$ 256,357	$ 253,161	$ 234,618	$ 258,719	$ 198,883	$ 212,465
(256,357)	(253,161)	(234,618)	(258,719)	(198,883)	(212,465)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,852,290	$ 1,882,238	$ 1,866,492	$ 1,910,775	$ 2,021,169	$ 2,163,595
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Contractually required contribution	$ 836,245	$ 811,200	$ 805,565	$ 753,962
Contributions in relation to the contractually required contribution	(836,245)	(811,200)	(805,565)	(753,962)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 5,973,179	$ 5,794,286	$ 5,754,036	$ 5,799,708
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 824,447	$ 949,912	$ 984,042	$ 989,347	$ 843,300	$ 872,388
(824,447)	(949,912)	(984,042)	(989,347)	(843,300)	(872,388)
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,341,900	$ 7,307,015	$ 7,569,554	$ 7,610,362	$ 6,486,923	$ 6,710,677
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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 year 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.

SUPPLEMENTARY INFORMATION

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WAYNE COUNTY SCHOOLS CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
	U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
	Child Nutrition Cluster:			
(D)(F)	National School Lunch Program	10.555	2017	$ 169,739
(C)(F)	National School Lunch Program - Food Donation	10.555	2017	10,009
	Total National School Lunch Program, Child Nutrition Cluster and U.S. Department of Agriculture			179,748
	U.S. DEPARTMENT OF EDUCATION DIRECT PROGRAMS			
	Student Financial Assistance Cluster:			
(E)	Federal Supplemental Educational Opportunity Grants	84.007	N/A	8,757
(E)	Federal Pell Grant Program	84.063	N/A	381,712
(E)	Federal Direct Student Loans	84.268	N/A	505,518
	Total Student Financial Assistance Cluster			895,987
	PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION			
	Career and Technical Education -- Basic Grants to States	84.048	N/A	3,681
	Career and Technical Education -- Basic Grants to States	84.048	2016	29,926
	Career and Technical Education -- Basic Grants to States	84.048	2017	276,117
	Career and Technical Education -- Basic Grants to States - Adult	84.048	2017	107,083
	Total Career and Technical Education_Basic Grants to States			416,807
	Improving Teacher Quality State Grants	84.367	2017	2,363
	PASSED THROUGH THE OHIO BOARD OF REGENTS			
	Adult Education_State Grant Program	84.002	2016	7,082
	Adult Education_State Grant Program	84.002	2017	103,839
	Adult Education_State Grant Program - EL/Civics	84.002	2017	6,614
	Total Adult Education_State Grant Program			117,535
	Total U.S. Department of Education			1,432,692
	U.S. DEPARTMENT OF HUMAN SERVICES PASSED THROUGH THE WAYNE COUNTY DEPARTMENT OF JOB AND FAMILY SERVICES			
	Temporary Assistance for Needy Families Cluster:			
(G)	Temporary Assistance for Needy Families	93.558	N/A	39,527
(G)	Temporary Assistance for Needy Families	93.558	N/A	33,658
	Total U.S. Department of Human Services and Temporary Assistance for Needy Families Cluster			73,185
	Total Federal Financial Assistance			$ 1,685,625

Notes to the Schedule of Expenditures of Federal Awards:

(A) OAKS did not assign pass-through numbers for fiscal year 2017.

(B) This schedule includes the federal award activity of the Wayne County Schools Career Center under programs of the federal government for the fiscal year ended June 30, 2017 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Wayne County Schools Career Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Wayne County Schools Career Center.

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

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

(E) Included as part of "Student Financial Assistance Cluster" in determining major programs.

(F) Included as part of the "Child Nutrition Cluster" in detrermining major programs.

(G) Included as part of the "Temporary Assistance for Needy Families Cluster" in detrermining major programs.

(H) CFR 200.14 allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Wayne County Schools Career Center has not elected to use the 10% de minimis indirect cost rate.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Wayne County Schools Career Center
Wayne County
518 West Prospect Street
Smithville, Ohio 44677

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Schools Career Center, Wayne County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Wayne County Schools Career Center's basic financial statements and have issued our report thereon dated December 14, 2017.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Wayne County Schools Career Center

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 14, 2017

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

Wayne County Schools Career Center
Wayne County
518 West Prospect Street
Smithville, Ohio 44677

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Wayne County Schools Career Center's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Wayne County Schools Career Center's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Wayne County Schools Career Center's major federal program**.**

Management's Responsibility

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

Auditor's Responsibility

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

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

Board of Education
Wayne County Schools Career Center

Opinion on the Major Federal Program

In our opinion, the Wayne County Schools Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
December 14, 2017

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY, OHIO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.515
JUNE 30, 2017

Finding Number	Year Initially Occurred	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2016-001	2016	Significant Deficiency - Eligibility - Title 2 CFR § 200.303, in part, provides the non-Federal entity must establish and maintain effective internal control over the Federal award. It was noted the Wayne County Schools Career Center had established effective internal control procedures over the Federal award but had not maintained the use of each established control throughout the audit period.	Yes	Finding No Longer Valid

WAYNE COUNTY SCHOOLS CAREER CENTER

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 27, 2018