TRUMBULL CAREER
AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2018

***James G. Zupka, CPA, Inc*.**
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

Board of Education
Trumbull Career and Technical Center
528 Educational Highway
Warren, Ohio 44483

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 20, 2019

This page intentionally left blank.

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

TABLE OF CONTENTS

This page intentionally left blank.

JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of Board of Education
Trumbull Career and Technical Center
Warren, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the basic financial statements, during 2018, the Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of 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 basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2018, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 20, 2018

This page intentionally left blank.

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

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

- In total, net position increased $8,932,062. Net position of governmental activities increased $8,437,390, which represents a 67.14% increase from 2017's restated net position. Net position of business-type activities increased $494,672 from 2017's restated net position.

- General revenues of the governmental activities accounted for $11,220,705 in revenue or 68.59% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $5,138,565 or 31.41% for total revenues of $16,359,270.

- The Center had $7,921,880 in expenses related to governmental activities; only $5,138,565 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 $11,220,705 were adequate to provide for these programs.

- The Center had $743,947 in expenses related to business-type activities; $1,221,396 of these expenses were offset by program specific charges for services and grants and contributions. General revenues supporting business-type activities of $17,223 were adequate to support these programs.

- The Center's major governmental fund is the general fund. The general fund had $15,284,365 in revenues and other financing sources and $15,175,009 in expenditures and other financing uses. The general fund's fund balance increased $109,356 from $9,886,204 to $9,995,560.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, the Center is divided into two distinct kinds of activities:

Governmental Activities - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, food service operations and dental and vision self-insurance.

Business-Type Activities - These services are provided on charges for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Center's adult education program is reported as business activities.

The Center's statement of net position and statement of activities can be found on pages 19-21 of this report.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental fund begins on page 14. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental fund is the general fund.

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 22-26 of this report.

Proprietary Funds

The Center maintains proprietary funds. The Center maintains one enterprise fund that accounts for the Center's adult education operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center's internal service fund accounts for self-insurance of the Center's dental and vision benefits. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Reporting the Center's Fiduciary Responsibilities

The Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in two agency funds. All of the Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 30 and 31. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33-77 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center's net pension liability and net OPEB liability. The required supplementary information can be found on pages 80-93 of this report.

THIS SPACE INTENTIONALLY LEFT BLANK

The Center as a Whole

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

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current assets	$ 20,402,415	$ 20,295,528	$ 50,317	$ 45,831	$ 20,452,732	$ 20,341,359
Capital assets, net	8,331,827	8,161,002	41,971	48,515	8,373,798	8,209,517
Total assets	28,734,242	28,456,530	92,288	94,346	28,826,530	28,550,876
Deferred outflows of resources						
Pension	5,476,845	4,510,942	354,036	317,916	5,830,881	4,828,858
OPEB	160,992	9,939	9,831	661	170,823	10,600
Total deferred outflows of resources	5,637,837	4,520,881	363,867	318,577	6,001,704	4,839,458
Liabilities						
Current liabilities	1,784,015	1,890,922	43,023	23,460	1,827,038	1,914,382
Long-term liabilies:						
Due within one year	593,755	549,356	24,026	22,248	617,781	571,604
Net pension liability	18,286,486	25,273,207	1,119,383	1,629,182	19,405,869	26,902,389
Net OPEB liability	3,902,456	4,912,202	233,252	318,410	4,135,708	5,230,612
Other amounts	5,713,858	5,833,277	28,254	26,304	5,742,112	5,859,581
Total liabilities	30,280,570	38,458,964	1,447,938	2,019,604	31,728,508	40,478,568
Deferred inflows of resources						
Property taxes	6,309,732	6,209,387	-	-	6,309,732	6,209,387
Pension	1,430,284	876,690	136,769	62,514	1,567,053	939,204
OPEB	481,733	-	45,971	-	527,704	-
Total deferred inflows of resources	8,221,749	7,086,077	182,740	62,514	8,404,489	7,148,591
Net Position						
Net investment in capital assets	3,906,304	3,628,148	41,971	48,515	3,948,275	3,676,663
Restricted	171,204	157,297	-	-	171,204	157,297
Unrestricted (deficit)	(8,207,748)	(16,353,075)	(1,216,494)	(1,717,710)	(9,424,242)	(18,070,785)
Total net position	$ (4,130,240)	$ (12,567,630)	$ (1,174,523)	$ (1,669,195)	$ (5,304,763)	$ (14,236,825)

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the Center adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

As a result of implementing GASB 75, the Center is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating governmental activities net position at June 30, 2017, from ($7,665,367) to ($12,567,630) and the business-type activities net position at June 30, 2017, from ($1,351,446) to ($1,669,195).

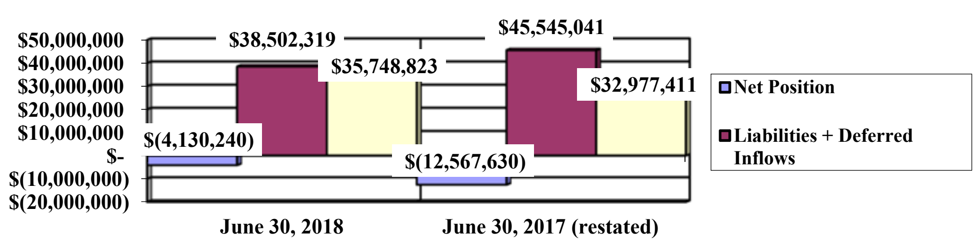
Governmental activities assets increased $277,712 or 0.98% from June 30, 2017. The most significant increases occurred in the areas of equity in pooled cash and investments which increased $174,496 compared to June 30, 2017.

The increase in deferred outflows of resources was the result of reporting the Center's proportionate share of collective amounts from both pension systems.

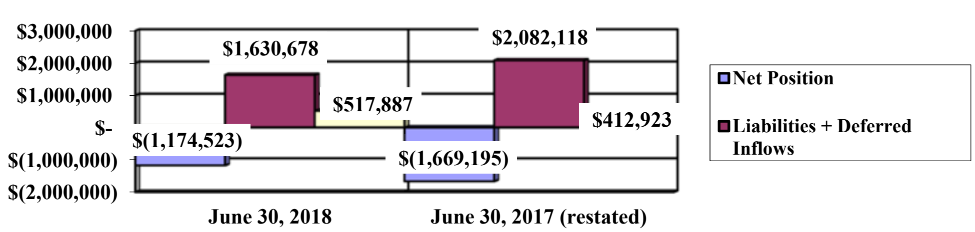
The Center's net pension liability for governmental activities decreased roughly $7.0 million. This decrease was the result of changes at the pension systems as described later in this report.

The graphs below present the Center's governmental and business-type assets, liabilities, deferred inflows of resources and net position at June 30, 2018 and June 30, 2017. The net position at June 30, 2017 has been restated as described in Note 3.A.

Governmental - Net Position



Business-Type - Net Position



The table on the next page shows the changes in net position for governmental activities and business-type activities for fiscal years 2018 and 2017. The net position at June 30, 2018 has been restated as described in Note 3.A.

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Revenues						
Program revenues:						
Charges for services and sales	$ 871,592	$ 948,320	$ 939,732	$ 763,517	$ 1,811,324	$ 1,711,837
Operating grants and contributions	4,266,973	4,558,886	281,664	278,348	4,548,637	4,837,234
General revenues:						
Property taxes	6,090,515	6,302,925	-	-	6,090,515	6,302,925
Grants and entitlements	4,962,729	5,059,891	-	-	4,962,729	5,059,891
Investment earnings	49,839	44,225	-	-	49,839	44,225
Other	117,622	118,243	17,223	26,364	134,845	144,607
Total revenues	16,359,270	17,032,490	1,238,619	1,068,229	17,597,889	18,100,719
Expenses						
Program expenses:						
Instruction:						
Regular	$ 1,192,236	$ 3,097,175	$ -	$ -	$ 1,192,236	$ 3,097,175
Special	318,015	940,855	-	-	318,015	940,855
Vocational	2,776,574	4,622,364	-	-	2,776,574	4,622,364
Adult/continuing	211,380	418,350	-	-	211,380	418,350
Support services:						
Pupil	458,412	1,263,282	-	-	458,412	1,263,282
Instructional staff	163,188	239,859	-	-	163,188	239,859
Board of education	25,068	51,920	-	-	25,068	51,920
Administration	855,319	2,151,413	-	-	855,319	2,151,413
Fiscal	268,335	701,822	-	-	268,335	701,822
Business	23,074	24,278	-	-	23,074	24,278
Operations and maintenance	967,919	1,260,718	-	-	967,919	1,260,718
Pupil transportation	38,724	47,785	-	-	38,724	47,785
Central	53,456	382,365	-	-	53,456	382,365
Operation of non-instructional services:						
Other non-instructional services	4,226	-	-	-	4,226	-
Food service operations	279,302	406,059	-	-	279,302	406,059
Extracurricular activities	65,741	129,342	-	-	65,741	129,342
Interest and fiscal charges	220,911	232,221	-	-	220,911	232,221
Adult education	-	-	743,947	1,183,699	743,947	1,183,699
Total expenses	7,921,880	15,969,808	743,947	1,183,699	8,665,827	17,153,507
Increase (decrease) before transfers	8,437,390	1,062,682	494,672	(115,470)	8,932,062	947,212
Transfers	-	(115,628)	-	115,628	-	-
Changes in net position	8,437,390	947,054	494,672	158	8,932,062	947,212
Net position (deficit) at beginning of year (restated)	(12,567,630)	N/A	(1,669,195)	N/A	(14,236,825)	N/A
Net position (deficit) at end of year	$ (4,130,240)	$ (12,567,630)	$ (1,174,523)	$ (1,669,195)	$ (5,304,763)	$ 947,212

Governmental Activities

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $10,600 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $707,643. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	$ 7,921,880	$ 743,947
Negative OPEB expense under GASB 75	660,316	47,327
2018 contractually required contributions	18,750	1,030
Adjusted 2018 program expenses	8,600,946	792,304
Total 2017 program expenses under GASB 45	15,969,808	1,183,699
Decrease in program expenses not related to OPEB	$ (7,368,862)	$ (391,395)

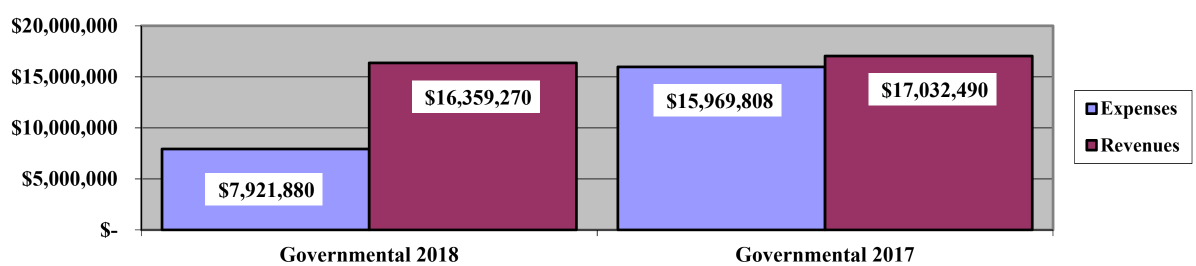
Net position of the Center's governmental activities increased $8,437,390. Total governmental expenses of $7,921,880 were offset by program revenues of $5,138,565 and general revenues of $11,220,705. Program revenues supported 64.87% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 67,57% of total governmental revenue. Real estate property is reappraised every six years. Operating grants and contributions decreased due to a decrease in special education and career tech foundation funding and federal vocational education funding.

Expenses of the governmental activities decreased $8,047,928 or 50.39%. This decrease is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50%. On an accrual basis, the District reported ($6,138,843) in pension expense and ($660,316) in OPEB expense mainly due to these benefit changes.

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

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2018 and 2017. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

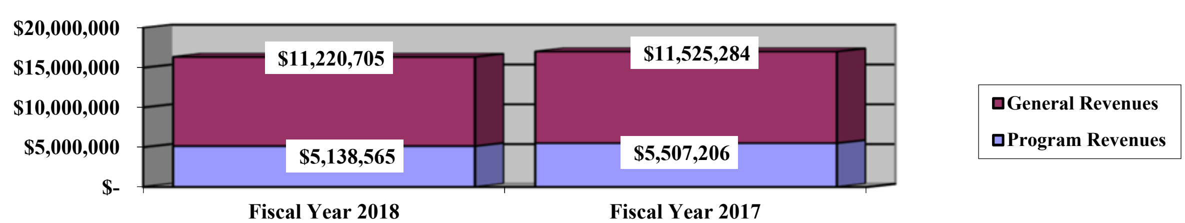
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program expenses:				
Instruction:				
Regular	$ 1,192,236	$ 1,192,236	$ 3,097,175	$ 3,095,375
Special	318,015	318,015	940,855	940,855
Vocational	2,776,574	(1,374,156)	4,622,364	418,788
Adult/continuing	211,380	(18,107)	418,350	175,047
Support services:				
Pupil	458,412	361,685	1,263,282	1,173,547
Instructional staff	163,188	129,565	239,859	204,014
Board of education	25,068	25,068	51,920	51,920
Administration	855,319	795,364	2,151,413	2,074,394
Fiscal	268,335	268,335	701,822	701,822
Business	23,074	23,074	24,278	24,278
Operations and maintenance	967,919	793,319	1,260,718	1,103,555
Pupil transportation	38,724	38,724	47,785	47,785
Central	53,456	39,482	382,365	99,966
Operation of non-instructional services:				
Other non-instructional services	4,226	4,226	-	-
Food service operations	279,302	(100,167)	406,059	(10,307)
Extracurricular activities	65,741	65,741	129,342	129,342
Interest and fiscal charges	220,911	220,911	232,221	232,221
Total expenses	$ 7,921,880	$ 2,783,315	$ 15,969,808	$ 10,462,602

The dependence upon tax revenues and grants and entitlements during fiscal year 2018 for governmental activities is apparent. For all governmental activities, general revenue support was 35.13% in 2018. The Center's taxpayers and unrestricted grants and entitlements are by far the primary support for Center's students.

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

Governmental Activities - General and Program Revenues



Business-Type Activities

The Center's business-type activities consist of the adult education program. This program had revenues of $1,238,619 and expenses of $743,947 for fiscal year 2018. The decrease in expense was the result of costs associated with the Center's net pension/OPEB liability and related deferred inflows/outflows. The Center's business activities receive no support from tax revenues.

The Center's Funds

The Center's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of $10,962,173 which is $212,914 higher than last year's total of $10,749,259. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2018 and 2017.

	Fund Balance June 30, 2018	Fund Balance June 30, 2017	Change
General	$ 9,995,560	$ 9,886,204	$ 109,356
Other Governmental	966,613	863,055	103,558
Total	$ 10,962,173	$ 10,749,259	$ 212,914

General Fund

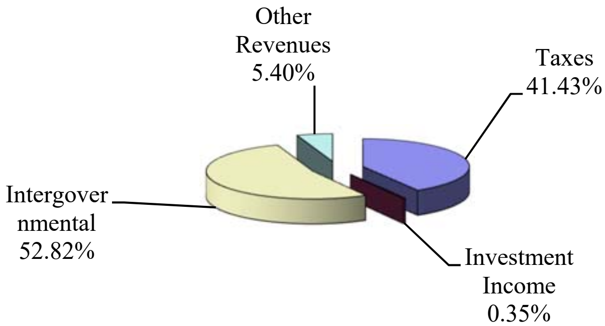
The Center's general fund's fund balance increased by $109,356.

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

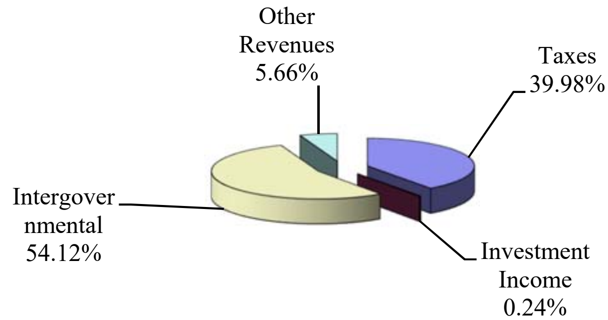
	2018 Amount	2017 Amount	Change	Percentage Change
Revenues				
Taxes	$ 6,264,330	$ 6,182,365	$ 81,965	1.33 %
Earnings on investments	53,439	37,656	15,783	41.91 %
Intergovernmental	7,987,952	8,367,608	(379,656)	(4.54) %
Other revenues	816,121	874,627	(58,506)	(6.69) %
Total	$ 15,121,842	$ 15,462,256	$ (340,414)	(2.20) %

Revenues of the general fund decreased $340,414 or 2.20%. The largest decrease occurred in intergovernmental revenues which decreased $379,656 or 4.54%. This decrease was the result of a decrease in opportunity grant and career tech education funding from the State. Other revenues decreased due to a decrease in tuition revenue. Earnings on investments increased 41.91% due to an increase in interest rates earned on investments.

Revenues - Fiscal Year 2018



Revenues - Fiscal Year 2017

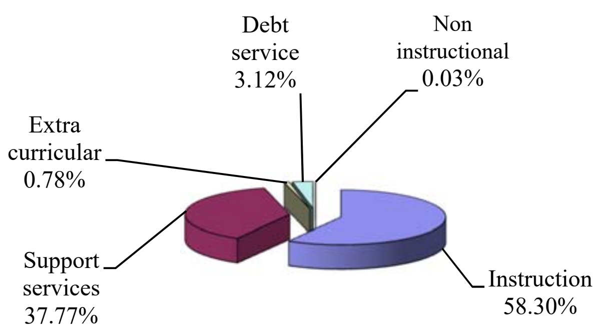


The table that follows assists in illustrating the expenditures of the general fund.

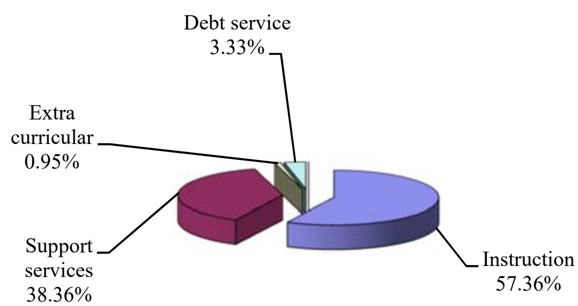
	2018 Amount	2017 Amount	Change	Percentage Change
Expenditures				
Instruction	$ 8,613,889	$ 7,965,860	$ 648,029	8.14 %
Support services	5,580,832	5,328,592	252,240	4.73 %
Operation of non-instructional services	4,226	-	4,226	100.00 %
Extracurricular activities	114,532	132,379	(17,847)	(13.48) %
Debt service	461,530	462,593	(1,063)	(0.23) %
Total	$ 14,775,009	$ 13,889,424	$ 885,585	6.38 %

Expenditures of the general fund increased $885,585 or 6.38%. The most significant increases were in the areas of instruction and support services. These increases were the resulted of increased spending in for wages and benefits of employees.

Expenditures - Fiscal Year 2018



Expenditures - Fiscal Year 2017



General Fund Budgeting Highlights

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

During the course of fiscal year 2018 the Center amended its general fund budget numerous times. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were $15,243,141, which was higher than original budget estimates of $15,410,701. Actual budget basis revenues and other financing sources of $15,040,356 were lower than final budgeted revenues by $202,785.

General fund original appropriations (expenditures plus other financing uses) of $15,237,467 were decreased to $15,156,464 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2018 totaled $15,047,728, which was $108,736 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

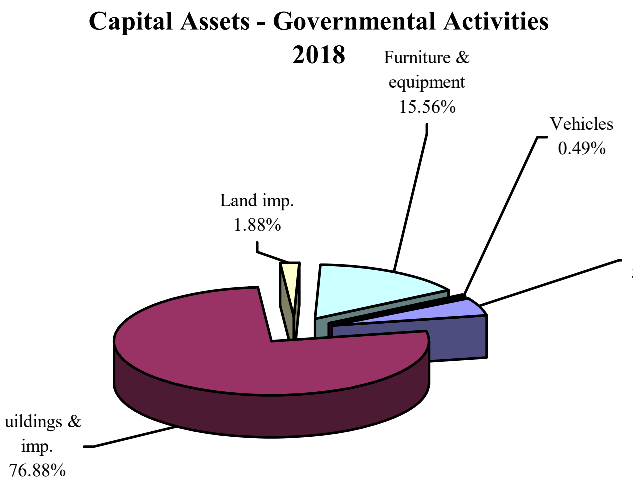
At June 30, 2018, the Center had $8,373,798 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, $8,331,827 was reported in governmental activities and $41,971 was reported in business-type activities.

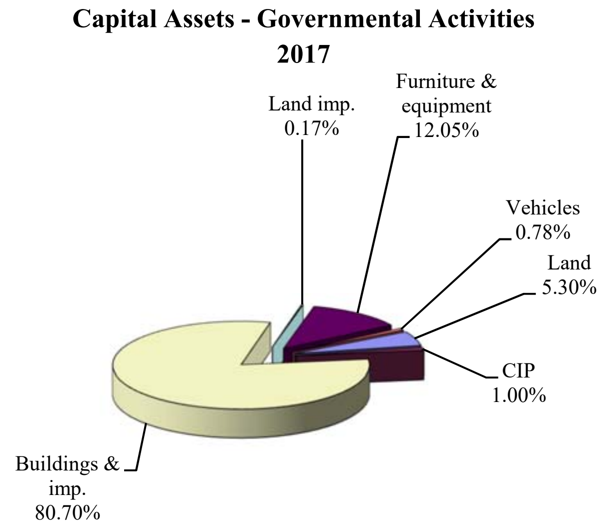
The following table shows June 30, 2018 balances compared to June 30, 2017:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 432,770	$ 432,770	$ -	$ -	$ 432,770	$ 432,770
Construction-in-progress	-	81,922	-	-	-	81,922
Land improvements	156,226	14,042	-	-	156,226	14,042
Building and improvements	6,405,734	6,584,659	-	-	6,405,734	6,584,659
Furniture and equipment	1,296,122	983,735	41,971	48,515	1,338,093	1,032,250
Vehicles	40,975	63,874	-	-	40,975	63,874
Total	$ 8,331,827	$ 8,161,002	$ 41,971	$ 48,515	$ 8,373,798	$ 8,209,517

The following graphs show the breakdown of governmental activities capital assets by category for 2018 and 2017.





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

Debt Administration

At June 30, 2018, the Center had an outstanding lease purchase agreement and capital lease of $4,425,523. Of the balance, $254,344 is due within one year and $4,171,179 is due in more than one year.

The following table shows the June 30, 2018 balance compared to June 30, 2017:

Outstanding Debt, at Year End

	Governmental Activities	
	2018	2017
Capital Lease	$ 162,523	$ 54,854
OASBO Lease Purchase Agreement	4,263,000	4,478,000
Total	$ 4,425,523	$ 4,532,854

At June 30, 2018, the Center's overall legal debt margin was $301,553,438 with an unvoted debt margin of $3,350,594.

See Note 10 to the basic financial statements for additional information on the Center's debt administration.

Current Financial Related Activity

Overall the Center is strong financially. The Center relies heavily upon grants, State foundation and property taxes. The finances are stable for fiscal years 2017 through fiscal year 2021 due to the passage of a 2.4 mill renewal levy that passed in November of 2014 that will expire in January of 2026. The 2.4 mills represent approximately 36.00% of the total revenue the Center receives yearly.

The challenge for the Center's management is to continue to provide the resources necessary to meet student needs and to be able to stay within the five-year forecast. The five-year forecast is utilized by management in order to effectively manage the Center's resources to their fullest.

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. House Bill 59, which was passed in June of 2013, has once again changed the way career centers are funded. The "freeze" for ADM is over and the Center is once again going to be paid for each student based on FTE/ADM, with a 6.5% increase cap in 2014 and a 10.25% cap in additional funding in 2015. During the 2016 fiscal year the Center was on "formula", then the "guarantee" and finally the "cap" for state funding payments. During the 2017 fiscal year, the Center remained on similar state funding payments as the previous year but showed a decrease in actual funding due to a decrease of about 20 students.

In June of 2015, the Career Center accepted a 20^{th} school, Howland Local, to its previous 19 districts. Therefore, additional income from taxes and students was added to the budget starting in January 2016 and received the full tax amount in fiscal year 2017.

All of the Center's financial abilities will be needed to meet the financial challenges of the future.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Cody Holecko, Treasurer, Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 12,749,673	$ 35,052	$ 12,784,725
Receivables:			
Property taxes	7,401,307	-	7,401,307
Accounts.	13	29,356	29,369
Accrued interest	25,075	-	25,075
Intergovernmental	148,679	-	148,679
Prepayments	55,441	3,887	59,328
Materials and supplies inventory.	998	-	998
Inventory held for resale.	3,251	-	3,251
Internal balance	17,978	(17,978)	-
Capital assets:			
Nondepreciable capital assets	432,770	-	432,770
Depreciable capital assets, net.	7,899,057	41,971	7,941,028
Capital assets, net	8,331,827	41,971	8,373,798
Total assets.	28,734,242	92,288	28,826,530
Deferred outflows of resources:			
Pension	5,476,845	354,036	5,830,881
OPEB	160,992	9,831	170,823
Total deferred outflows of resources	5,637,837	363,867	6,001,704
Liabilities:			
Accounts payable.	63,980	27,077	91,057
Accrued wages and benefits payable	1,423,400	9,651	1,433,051
Intergovernmental payable	86,677	4,944	91,621
Pension and postemployment benefits payable	194,171	1,351	195,522
Unearned revenue	10,892	-	10,892
Claims payable.	4,895	-	4,895
Long-term liabilities:			
Due within one year.	593,755	24,026	617,781
Due in more than one year:			
Net pension liability	18,286,486	1,119,383	19,405,869
Net OPEB liability	3,902,456	233,252	4,135,708
Other amounts due in more than one year	5,713,858	28,254	5,742,112
Total liabilities	30,280,570	1,447,938	31,728,508
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	6,309,732	-	6,309,732
Pension	1,430,284	136,769	1,567,053
OPEB	481,733	45,971	527,704
Total deferred inflows of resources	8,221,749	182,740	8,404,489
Net position:			
Net investment in capital assets	3,906,304	41,971	3,948,275
Restricted for:			
State funded programs.	19,326	-	19,326
Federally funded programs	19,681	-	19,681
Food service operations	132,197	-	132,197
Unrestricted (deficit)	(8,207,748)	(1,216,494)	(9,424,242)
Total net position.	$ (4,130,240)	$ (1,174,523)	$ (5,304,763)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

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

		Program Revenues	
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**
Governmental activities:			
Instruction:			
Regular	$ 1,192,236	$ -	$ -
Special	318,015	-	-
Vocational	2,776,574	523,899	3,626,831
Adult/continuing	211,380	-	229,487
Support services:			
Pupil	458,412	-	96,727
Instructional staff	163,188	-	33,623
Board of education	25,068	-	-
Administration	855,319	-	59,955
Fiscal	268,335	-	-
Business	23,074	-	-
Operations and maintenance	967,919	174,600	-
Pupil transportation	38,724	-	-
Central	53,456	-	13,974
Operation of non-instructional services:			
Other non-instructional services	4,226	-	-
Food service operations	279,302	173,093	206,376
Extracurricular activities	65,741	-	-
Interest and fiscal charges	220,911	-	-
Total governmental activities	7,921,880	871,592	4,266,973
Business-type activities:			
Adult education	743,947	939,732	281,664
Total business-type activities	743,947	939,732	281,664
Totals	$ 8,665,827	$ 1,811,324	$ 4,548,637

General revenues:
Property taxes levied for:
General purposes
Grants and entitlements not restricted to specific programs
Investment earnings
Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (1,192,236)	$ -	$ (1,192,236)
(318,015)	-	(318,015)
1,374,156	-	1,374,156
18,107	-	18,107
(361,685)	-	(361,685)
(129,565)	-	(129,565)
(25,068)	-	(25,068)
(795,364)	-	(795,364)
(268,335)	-	(268,335)
(23,074)	-	(23,074)
(793,319)	-	(793,319)
(38,724)	-	(38,724)
(39,482)	-	(39,482)
(4,226)	-	(4,226)
100,167	-	100,167
(65,741)	-	(65,741)
(220,911)	-	(220,911)
(2,783,315)	-	(2,783,315)
-	477,449	477,449
-	477,449	477,449
(2,783,315)	477,449	(2,305,866)
6,090,515	-	6,090,515
4,962,729	-	4,962,729
49,839	-	49,839
117,622	17,223	134,845
11,220,705	17,223	11,237,928
8,437,390	494,672	8,932,062
(12,567,630)	(1,669,195)	(14,236,825)
$ (4,130,240)	$ (1,174,523)	$ (5,304,763)

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and investments	$ 11,663,456	$ 980,551	$ 12,644,007
Receivables:			
Property taxes	7,401,307	-	7,401,307
Accounts	13	-	13
Accrued interest	25,075	-	25,075
Interfund loans	29,027	-	29,027
Intergovernmental	74,659	74,020	148,679
Prepayments	55,057	384	55,441
Materials and supplies inventory	-	998	998
Inventory held for resale	-	3,251	3,251
Total assets	$ 19,248,594	$ 1,059,204	$ 20,307,798
Liabilities:			
Accounts payable	$ 63,422	$ 558	$ 63,980
Accrued wages and benefits payable	1,366,838	56,562	1,423,400
Compensated absences payable	155,097	-	155,097
Intergovernmental payable	85,948	729	86,677
Pension and postemployment benefits payable	187,136	7,035	194,171
Interfund loans payable	-	6,953	6,953
Total liabilities	1,858,441	71,837	1,930,278
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,309,732	-	6,309,732
Delinquent property tax revenue not available	1,048,762	-	1,048,762
Intergovernmental revenue not available	23,470	20,754	44,224
Accrued interest not available	12,629	-	12,629
Total deferred inflows of resources	7,394,593	20,754	7,415,347
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	998	998
Prepayments	55,057	384	55,441
Restricted:			
Food service operations	-	144,938	144,938
Vocational education	-	1,954	1,954
Other purposes	-	19,326	19,326
Committed:			
Capital improvements	-	800,164	800,164
Termination benefits	152,068	-	152,068
Assigned:			
Student instruction	41,179	-	41,179
Student and staff support	34,139	-	34,139
Extracurricular activities	6,207	-	6,207
Other purposes	249,383	-	249,383
Unassigned (deficit)	9,457,527	(1,151)	9,456,376
Total fund balances	9,995,560	966,613	10,962,173
Total liabilities, deferred inflows and fund balances	$ 19,248,594	$ 1,059,204	$ 20,307,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

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

Total governmental fund balances		$ 10,962,173
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.		8,331,827
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds.		
Property taxes receivable	$ 1,048,762	
Accrued interest receivable	12,629	
Intergovernmental receivable	44,224	
Total		1,105,615
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		85,783
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	5,476,845	
Deferred inflows of resources - pension	(1,430,284)	
Net pension liability	(18,286,486)	
Total		(14,239,925)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred outflows of resources - OPEB	160,992	
Deferred inflows of resources - OPEB	(481,733)	
Net OPEB liability	(3,902,456)	
Total		(4,223,197)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligations	(162,523)	
Compensated absences	(1,726,993)	
OASBO lease purchase	(4,263,000)	
Total		(6,152,516)
Net position of governmental activities		$ (4,130,240)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 6,264,330	$ -	$ 6,264,330
Tuition	264,094	-	264,094
Earnings on investments	53,439	-	53,439
Charges for services	-	173,093	173,093
Extracurricular	15,854	-	15,854
Classroom materials and fees	125,585	-	125,585
Rental income	174,600	-	174,600
Contributions and donations	350	-	350
Contract services	135,666	-	135,666
Other local revenues	99,972	-	99,972
Intergovernmental - state	7,987,952	173,060	8,161,012
Intergovernmental - federal	-	1,062,133	1,062,133
Total revenues	15,121,842	1,408,286	16,530,128
Expenditures:			
Current:			
Instruction:			
Regular	3,112,295	-	3,112,295
Special	912,780	-	912,780
Vocational	4,588,814	577,964	5,166,778
Adult/continuing	-	224,516	224,516
Support services:			
Pupil	1,238,037	96,759	1,334,796
Instructional staff	197,654	32,895	230,549
Board of education	46,297	-	46,297
Administration	2,105,053	58,754	2,163,807
Fiscal	561,813	-	561,813
Business	23,074	-	23,074
Operations and maintenance	1,190,728	307,731	1,498,459
Pupil transportation	16,431	-	16,431
Central	39,222	14,234	53,456
Operation of non-instructional services:			
Other non-instructional services	4,226	-	4,226
Food service operations	-	391,875	391,875
Extracurricular activities	114,532	-	114,532
Capital outlay	162,523	-	162,523
Debt service:			
Principal retirement	240,619	-	240,619
Interest and fiscal charges	220,911	-	220,911
Total expenditures	14,775,009	1,704,728	16,479,737
Excess (deficiency) of revenues over (under) expenditures	346,833	(296,442)	50,391
Other financing sources (uses):			
Transfers in	-	400,000	400,000
Transfers (out)	(400,000)	-	(400,000)
Capital lease transaction	162,523	-	162,523
Total other financing sources (uses)	(237,477)	400,000	162,523
Net change in fund balances	109,356	103,558	212,914
Fund balances at beginning of year	9,886,204	863,055	10,749,259
Fund balances at end of year	$ 9,995,560	$ 966,613	$ 10,962,173

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 212,914
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 688,346	
Current year depreciation	(509,901)	
Total		178,445
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(7,620)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(173,815)	
Earnings on investments	(3,600)	
Intergovernmental	6,557	
Total		(170,858)
Repayment of lease purchase and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Lease purchase	215,000	
Capital leases	25,619	
Total		240,619
Capital leases that were traded in reduces long-term liabilities on the statement of net position.		29,235
Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(162,523)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		1,260,187
OPEB		18,750
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension expense in the statement of activities.		
Pension		6,138,843
OPEB		660,316
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		23,076
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		16,006
Change in net position of governmental activities		$ 8,437,390

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 6,331,098	$ 6,262,260	$ 6,262,260	$ -
Tuition	266,997	264,094	264,094	-
Earnings on investments	152,880	149,319	149,319	-
Classroom materials and fees	126,965	125,585	125,585	-
Rental income	174,600	174,600	174,600	-
Other local revenues	9,232	9,132	9,132	-
Intergovernmental - state	8,042,102	7,954,661	7,954,661	-
Total revenues	15,103,874	14,939,651	14,939,651	-
Expenditures:				
Current:				
Instruction:				
Regular	3,091,253	2,888,882	3,085,806	(196,924)
Special	883,686	829,397	904,405	(75,008)
Vocational	4,388,300	4,812,899	4,499,766	313,133
Support services:				
Pupil	1,105,459	1,033,525	1,123,031	(89,506)
Instructional staff	170,881	214,517	168,667	45,850
Board of education	60,616	52,413	48,023	4,390
Administration	2,009,069	1,900,590	2,046,857	(146,267)
Fiscal	646,323	616,442	575,424	41,018
Business	16,458	23,881	23,024	857
Operations and maintenance	1,405,977	1,331,555	1,221,687	109,868
Pupil transportation	22,351	22,225	18,251	3,974
Central	76,650	66,857	38,285	28,572
Other operation of non-instructional services	531	4,317	4,224	93
Extracurricular activities	131,913	125,964	110,232	15,732
Debt service:				
Principal	210,000	215,000	215,000	-
Interest and fiscal charges	209,000	209,000	218,750	(9,750)
Total expenditures	14,428,467	14,347,464	14,301,432	46,032
Excess of revenues over expenditures	675,407	592,187	638,219	46,032
Other financing sources (uses):				
Refund of prior year's expenditures	3,103	3,069	3,069	-
Transfers (out)	(794,000)	(794,000)	(715,000)	79,000
Advances in	224,004	221,568	18,783	(202,785)
Advances (out)	(15,000)	(15,000)	(31,296)	(16,296)
Proceeds from sale of capital assets	79,720	78,853	78,853	-
Total other financing sources (uses)	(502,173)	(505,510)	(645,591)	(140,081)
Net change in fund balance	173,234	86,677	(7,372)	(94,049)
Fund balance at beginning of year	10,962,863	10,962,863	10,962,863	-
Prior year encumbrances appropriated	56,490	56,490	56,490	-
Fund balance at end of year	$ 11,192,587	$ 11,106,030	$ 11,011,981	$ (94,049)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Adult Education	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash		
and investments	$ 35,052	$ 105,666
Receivables:		
Accounts	29,356	-
Prepayments	3,887	-
Total current assets	68,295	105,666
Noncurrent assets:		
Depreciable capital assets, net	41,971	-
Total assets	110,266	105,666
Deferred outflows of resources:		
Pension	354,036	-
OPEB	9,831	-
Total deferred outflows of resources	363,867	-
Liabilities:		
Accounts payable	27,077	-
Accrued wages and benefits	9,651	-
Compensated absences	24,026	-
Pension and postemployment benefits payable	1,351	-
Interfund loan payable	22,074	-
Intergovernmental payable	4,944	-
Claims payable	-	4,895
Unearned revenue	-	10,892
Total current liabilities	89,123	15,787
Long-term liabilities:		
Compensated absences payable	28,254	-
Net pension liability	1,119,383	-
Net OPEB liability	233,252	-
Total long-term liabilities	1,380,889	-
Total liabilities	1,470,012	15,787
Deferred inflows of resources:		
Pension	136,769	-
OPEB	45,971	-
Total deferred inflows of resources	182,740	-
Net position:		
Investment in capital assets	41,971	-
Unrestricted (deficit)	(1,220,590)	89,879
Total net position	(1,178,619)	$ 89,879
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.	4,096	
Net position of business-type activities	$ (1,174,523)	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Adult Education	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition and fees.	$ 939,732	$ -
Charges for sales and services	-	144,368
Other	17,223	-
Total operating revenues	956,955	144,368
Operating expenses:		
Personal services.	170,025	-
Purchased services.	285,005	16,034
Materials and supplies	250,241	-
Other.	32,583	11,876
Claims	-	100,001
Depreciation	6,544	-
Total operating expenses.	744,398	127,911
Operating income	212,557	16,457
Nonoperating revenues:		
Grants and subsidies.	281,664	-
Total nonoperating expenses	281,664	-
Change in net position	494,221	16,457
Net position at beginning of year (restated)	(1,672,840)	73,422
Net position at end of year	$ (1,178,619)	$ 89,879
Change in net position	$ 494,221	
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.	451	
	$ 494,672	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Adult Education	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	$ 947,922	$ -
Cash received from sales/charges for services.	-	144,158
Cash received from other operations	17,223	-
Cash payments for personal services.	(689,569)	-
Cash payments for contractual services	(269,085)	(16,034)
Cash payments for materials and supplies	(249,348)	-
Cash payments for claims	-	(100,953)
Cash payments for other expenses	(25,830)	(11,876)
Net cash provided by (used in) operating activities	(268,687)	15,295
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies.	281,664	-
Cash received from interfund loans	222,074	-
Cash used in repayment of interfund loans.	(208,357)	-
Net cash provided by noncapital financing activities.	295,381	-
Net change in cash and investments	26,694	15,295
Cash and investments at beginning of year	8,358	90,371
Cash and investments at end of year	$ 35,052	$ 105,666
Reconciliation of operating income to net cash provided by (used in) operating activities:		
Operating income	$ 212,557	$ 16,457
Adjustments:		
Depreciation.	6,544	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable.	(22,538)	-
Intergovernmental receivable.	30,728	-
Prepayments	752	-
Deferred outflows - pension	(36,120)	-
Deferred outflows - OPEB	(9,170)	-
Accounts payable	19,507	-
Accrued wages and benefits	(3,489)	-
Compensated absences payable.	3,728	-
Intergovernmental payable.	4,034	-
Pension and postemployment benefits payable	(489)	-
Net pension liability	(509,799)	-
Net OPEB liability	(85,158)	-
Deferred inflows - pension	74,255	-
Deferred inflows - OPEB	45,971	-
Unearned revenue	-	(210)
Claims payable	-	(952)
Net cash provided by (used in) operating activities.	$ (268,687)	$ 15,295

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

	Private-Purpose Trust	
	Scholarship	**Agency**
Assets:		
Equity in pooled cash and investments	$ 25,075	$ 104,939
Total assets.	25,075	$ 104,939
Liabilities:		
Due to students.	-	$ 104,939
Total liabilities	-	$ 104,939
Net position:		
Held in trust for scholarships	25,075	
Total net position.	$ 25,075	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	$ 8,827
Total additions	8,827
Deductions:	
Scholarships awarded	2,224
Change in net position	6,603
Net position at beginning of year	18,472
Net position at end of year	$ 25,075

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE CENTER

The Trumbull County Joint Vocational School District was formed on June 30, 1970 and subsequently became the Trumbull Career and Technical Center (the "Center") on July 1, 2000. The Center is a body politic and corporate established under Section 3311.18 of the Ohio Revised Code for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center includes 15 local school districts: Bloomfield-Mespo Local, Bristol Local, Brookfield Local, Champion Local, Joseph Badger Local, LaBrae Local, Lakeview Local, Liberty Local, Lordstown Local, Maplewood Local, Mathews Local, McDonald Local, Southington Local, Weathersfield Local, Howland Local, and one representative each from Warren City, Girard City, Newton Falls Exempted Village, Niles City and Hubbard Exempted Village.

The Center has been supported by a 2.4 mil 10 year renewal operating levy and by funds from the State of Ohio Joint Vocational School Foundation Program.

The Center provides job training leading to employment upon graduation from high school. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

Board Resolution No. 02-63 states that the Center shall operate under a twenty-member Board of Education consisting of 1 member from each member school's board of education and each Board Member shall serve one, two and three year terms and thereafter, successors to these members shall serve for successive two year terms so that no more than five members are appointed each year. The Center provides educational services as authorized and mandated by State or federal agencies. The Center employs 37 non-certified and 102 certified employees to provide services to approximately 900 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATION

North East Ohio Management Information Network (NEOMIN)
NEOMIN is a jointly governed organization among twenty-eight school districts and two educational service centers. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members; the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a principal and a treasurer (non-voting members who must be employed by a participating school district, or fiscal agent of NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

PUBLIC ENTITY RISK POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan
The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

Trumbull County Schools Employee Insurance Benefit Consortium Association

The Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium") is a shared risk pool comprised of fifteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

B. Fund Accounting

The Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

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.

Other governmental funds of the Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration.

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

The following are the Center's proprietary funds:

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Center has one enterprise fund to account for adult education programs. This fund is considered a major enterprise fund.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Center accounts for a self-insurance program which provides vision and dental benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets plus deferred outflows of resources, equal liabilities plus deferred inflows of resources) and do not involve measurement of results of operations. The agency funds are used to account for student loans, Pell grants and student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Fund Financial Statements - Fund financial statements report detailed information about the Center. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current deferred outflows of resources, current liabilities, current deferred inflows of resources and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Center's internal service fund is charges for sales and services. The principal operating revenues of the Center's enterprise fund is tuition and fees for adult education. Operating expenses for the internal service fund includes claims expenses. Operating expenses for the enterprise fund primarily includes the cost of personal services, purchased services and materials and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-purpose trust funds are reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

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

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, See Notes 13 and 14 for deferred outflows of resources related the Center's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Center, See Notes 13 and 14 for deferred inflows of resources related to the Center's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position for governmental activities and both the government-wide statement of net position and the statement of net position - proprietary funds for business-type activities.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are 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.

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

E. Budgets

The Center is required by State statute to adopt an annual appropriated cash basis budget for all funds except agency funds. The specific timetable for fiscal year 2018 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2018.

4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures, the Center has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriations.

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2018. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

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

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end (not already recorded in accounts payable) are reported as a component of assigned fund balance for subsequent-year expenditures for governmental funds.

F. Cash and Investments

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

During fiscal year 2018, investments were limited to Invesco Short-Term Investment Trust (STIT) mutual funds, U.S. Government money market, Federal Home Loan Bank (FHLB) bonds, Federal Home Loan Mortgage Corporation (FHLMC) bonds, Federal National Mortgage Association (FNMA) bonds, U.S. Treasury Bills, negotiable certificates of deposit, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

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

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

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2087 amounted to $53,439 which includes $7,564 assigned from other Center funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

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

G. Inventory

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

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

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

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Center maintains a capitalization threshold of $2,000. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land improvements	15 - 20 years	N/A
Buildings and improvements	20 - 40 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A

I. Interfund Balances

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

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

J. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

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

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

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

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

K. Prepayments

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

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

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

M. Fund Balance

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

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

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

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

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

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

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

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

N. Net Position

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

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

O. Estimates

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Fair Value

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

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

S. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Net Position

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

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pension (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the Center's postemployment benefit plan disclosures, as presented in Note 14 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

	Governmental Activities	Business-Type Activities	Adult Education
Net position as previously reported	$ (7,665,367)	$ (1,351,446)	$ (1,355,091)
Deferred outflows - payments subsequent to measurement date	9,939	661	661
Net OPEB liability	(4,912,202)	(318,410)	(318,410)
Restated net position at July 1, 2017	$ (12,567,630)	$ (1,669,195)	$ (1,672,840)

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

B. Deficit Fund Balances

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

Nonmajor governmental fund	Deficit
Adult basic education	$ 1,151
Major business-type activities fund	
Adult education	1,178,619

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

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

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

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

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

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

A. Cash on Hand

At fiscal year end, the Center had $500 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and investments".

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2018, the carrying amount of all Center deposits was $5,277,759 and the bank balance of all Center deposits was $5,280,807. Of the bank balance, $3,727,454 was covered by the FDIC and $1,553,353 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

C. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FHLB	$ 96,548	$ -	$ -	$ -	$ -	$ 96,548
FHLMC	609,495	-	-	123,025	-	486,470
FNMA	268,828	-	-	137,569	-	131,259
Negotiable CD's	6,069,613	636,773	687,035	607,056	604,034	3,534,715
U.S. Treasury Bills	556,071	556,071	-	-	-	-
Invesco STIT mutual funds	3,377	3,377	-	-	-	-
U.S. Government money market	22,275	22,275	-	-	-	-
Amortized Cost:						
STAR Ohio	10,273	10,273	-	-	-	-
Total	$ 7,636,480	$ 1,228,769	$ 687,035	$ 867,650	$ 604,034	$ 4,248,992

The weighted average of maturity of investments is 2.14 years.

The Center's investments in Invesco STIT mutual funds and U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Center's investments in federal agency securities (FHLB, FNMA, FHLMC), U.S. Treasury Bills 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: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center's investment policy limits investment portfolio maturities to five years or less.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The Center's investments, except for STAR Ohio and the U.S. Government money market, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating service. The Center has no policy that addresses credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Center's name. The Center's investments in negotiable certificates of deposit were fully covered by Federal Depository Insurance. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2018:

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
FHLB	$ 96,548	1.26
FHLMC	609,495	7.98
FNMA	268,828	3.52
Negotiable CD's	6,069,613	79.5
U.S. Treasury Bills	556,071	7.28
Invesco STIT mutual funds	3,377	0.04
U.S. Government money market	22,275	0.29
Amortized Cost:		
STAR Ohio	10,273	0.13
Total	$ 7,636,480	100.00

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

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

Cash and investments per note	
Carrying amount of deposits	$ 5,277,759
Investments	7,636,480
Cash on hand	500
Total	$ 12,914,739

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Cash and investments per statement of net position	
Governmental activities	$ 12,749,673
Business type activities	35,052
Private-purpose trust fund	25,075
Agency funds	104,939
Total	$ 12,914,739

NOTE 5 - INTERFUND TRANSACTIONS

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

	Amount
Transfers from general fund to:	
Nonmajor governmental fund	$ 400,000

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

All transfers made during the fiscal year 2018 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund loans receivable/payable consisted of the following at June 30, 2018, as reported on the fund statement:

Receivable Fund	Payable Fund	Amount
General fund	Nonmajor governmental funds	$ 6,953
General fund	Adult education	22,074
Total		$ 29,027

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

Interfund balances between governmental funds are eliminated on the government-wide Statement of Net Position. Interfund balances between governmental funds and business-type activities are reported as internal balances on the government-wide Statement of Net Position.

NOTE 6 - PROPERTY TAXES

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

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

The Center receives property taxes from Trumbull County. The County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available as an advance at June 30, 2018 was $42,813 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2017 was $40,743 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2018 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 3,249,314,420	94.86	$ 3,159,282,670	94.29
Public utility personal	166,853,520	2.14	191,311,090	5.71
Total	$ 3,416,167,940	97.00	$ 3,350,593,760	100.00
Tax rate per $1,000 of assessed valuation	$2.40		$2.40	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2018 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Taxes - current and delinquent	$ 7,401,307
Accounts	13
Accrued interest	25,075
Intergovernmental	148,679
Total governmental receivables	$ 7,575,074
Business-type activities:	
Accounts	$ 29,356

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

NOTE 8 - CAPITAL ASSETS

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 432,770	$ -	$ -	$ 432,770
Construction in progress	81,922	138,377	(220,299)	-
Total capital assets, not being depreciated	514,692	138,377	(220,299)	432,770
Capital assets, being depreciated:				
Land improvements	642,348	147,923	-	790,271
Buildings and improvements	21,115,123	69,426	-	21,184,549
Furniture and equipment	3,653,170	552,919	(382,120)	3,823,969
Vehicles	429,617	-	-	429,617
Total capital assets, being depreciated	25,840,258	770,268	(382,120)	26,228,406
Less: accumulated depreciation				
Land improvements	(628,306)	(5,739)	-	(634,045)
Buildings and improvements	(14,530,464)	(248,351)	-	(14,778,815)
Furniture and equipment	(2,669,435)	(232,912)	374,500	(2,527,847)
Vehicles	(365,743)	(22,899)	-	(388,642)
Total accumulated depreciation	(18,193,948)	(509,901)	374,500	(18,329,349)
Governmental activities capital assets, net	$ 8,161,002	$ 398,744	$ (227,919)	$ 8,331,827

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 22,259
Special	3,130
Vocational	261,322
Adult education	157,374
Support services:	
Pupil	2,152
Instructional staff	6,177
Board of education	739
Administration	21,790
Fiscal	562
Operations and maintenance	1,433
Pupil transportation	27,675
Food service operations	5,288
Total depreciation expense	$ 509,901

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Business-type activities				
Capital assets, being depreciated:				
Furniture, fixtures & equipment	$ 169,957	$ -	$ -	$ 169,957
Less: accumulated depreciation				
Furniture, fixtures & equipment	(121,442)	(6,544)	-	(127,986)
Business-type activities capital assets, net	$ 48,515	$ (6,544)	$ -	$ 41,971

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE

In the current and in previous fiscal years, the Center entered into a capitalized lease for copiers. This lease agreement meets the criteria of a capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2018 totaled $25,619 paid by the general fund. The Center also traded in a copier lease with a balance of $29,235

The capitalized assets acquired through capital leases are as follows:

Assets:	
Equipment (copiers)	$ 162,523
Less: accumulated depreciation	(16,252)
Total	$ 146,271

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2018:

Fiscal Year Ending June 30,	Amount
2019	$ 36,804
2020	36,804
2021	36,804
2022	36,804
2023	36,805
Total minimum lease payments	184,021
Less: amount representing interest	(21,498)
Total	$ 162,523

NOTE 10 - LONG-TERM OBLIGATIONS

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

	Restated Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Amounts Due in One Year
Governmental activities:					
Compensated absences payable	$ 1,849,779	$ 341,048	$ (308,737)	$ 1,882,090	$ 339,411
Net pension liability	25,273,207	-	(6,986,721)	18,286,486	-
Net OPEB liability	4,912,202	-	(1,009,746)	3,902,456	-
Capital lease obligations	54,854	162,523	(54,854)	162,523	29,344
OASBO lease-purchase	4,478,000	-	(215,000)	4,263,000	225,000
Total governmental activities long-term liabilities	$ 36,568,042	$ 503,571	$ (8,575,058)	$ 28,496,555	$ 593,755
Business-type activities:					
Compensated absences	$ 48,552	$ 25,976	$ (22,248)	$ 52,280	$ 24,026
Net pension liability	1,629,182	-	(509,799)	1,119,383	-
Net OPEB liability	318,410	-	(85,158)	233,252	-
Total business-type activities long-term liabilities	$ 1,996,144	$ 25,976	$ (617,205)	$ 1,404,915	$ 24,026

Compensated absences: Compensated absences of the governmental activities will be paid from the general fund. Compensated absences of the business-type activities will be paid from the adult education fund.

Net pension liability: See Note 13 for details. The Center pays obligations related to employee compensation from the fund benefitting from their services.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Net OPEB liability: See Note 14 for details. The Center pays obligations related to employee compensation from the fund benefitting from their services.

Capital lease obligations: See Note 9 for details on the Center's capital lease obligations.

OASBO Lease-Purchase Agreement: During fiscal year 2006, the Center entered into a lease-purchase agreement with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of the construction of an addition to the career center. US Bank has been designated as trustee for the agreement. The source of revenue to fund principal and interest payments is general operating revenue of the Center. The annual payments will be payable from the general fund. At June 30, 2018, the Center had outstanding borrowings of $4,263,000.

The following is a schedule of future payments required under the OASBO lease-purchase agreement:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	$ 225,000	$ 208,247	$ 433,247
2020	235,000	197,255	432,255
2021	246,000	185,776	431,776
2022	257,000	173,759	430,759
2023	268,000	161,205	429,205
2024 - 2028	1,534,000	597,387	2,131,387
2029 - 2032	1,498,000	186,998	1,684,998
Total	$ 4,263,000	$ 1,710,627	$ 5,973,627

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2018, are a voted debt margin of $301,553,438 and an unvoted debt margin of $3,350,594.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

Sick Leave:
Each employee is entitled to fifteen days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Sick leave pay is based upon the per diem rate paid the employee at the time of the employee's retirement from the Center. An employee with five or more years of service in the Center who elects to retire from active service shall receive 1/3 of the value of his/her accrued and unused sick leave to a maximum of sixty-five days. In addition, employees with thirteen or more years of service in the Center shall receive an added sum equal to 1/8 of the accrued and unused sick leave in excess of sixty-five days (1/3 of 195 days).

Vacation Leave:
Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Unused vacation shall be cumulative to a maximum of forty days. Each full time administrator who is required to work twelve months per year is entitled, after service of one calendar year, to twenty working days per year of vacation leave. The Treasurer and Superintendent can carryover fifty and sixty days, respectively.

B. Early Retirement Incentive

The Center provides an early retirement incentive plan for employees who are eligible for retirement under State Teachers Retirement System of Ohio (STRS Ohio) and School Employee Retirement System (SERS) guidelines and retire effective at the end of the fiscal year 2013 school year. STRS Ohio employees who enroll in the early retirement incentive plan will receive an $18,000 payment in addition to their severance payment. SERS employees who enroll in the early retirement incentive plan will receive a $9,000 payment in addition to their severance payment. No employees were owed an early retirement incentive payment at June 30, 2018.

C. Life Insurance

The Center provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is $50,000 for all certified, classified and administrative staff; the level of coverage for the Superintendent and Treasurer is $200,000 each.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Center has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of $2,000,000 of each occurrence and $5,000,000 in the aggregate. In addition, the Center maintains a $1,000,000 umbrella liability policy.

The Center maintains replacement cost insurance on buildings and contents in the amount $66,719,870. The Center maintains fleet insurance in the amount of $2,000,000 for any one accident or loss.

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

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Employee Health, Dental and Vision Insurance

Health Insurance: The Center has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Employee Insurance Benefit Consortium Association (Note 2.A.). The Consortium purchases stop loss coverage of $125,000 through the General American Life Insurance Company and the pool covers the excess. A third party administrator, Medical Mutual, through its agent, Watson, Wyatt Worldwide located in Cleveland, Ohio, reviews and pays claims for the Consortium. The Center pays premiums to the Consortium based upon board policy and the negotiated agreements; the premium is paid by the fund that pays the salary of the employee.

Dental Insurance: On January 1, 2015, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance dental program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of $2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

The claims liability of $4,328 reported in the basic financial statements at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activity for the current year is as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2018	$ 5,459	$ 92,436	$ (93,567)	$ 4,328
2017	6,733	85,000	(86,274)	5,459

Vision Insurance: During fiscal year 2006, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance vision program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of $2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

NOTE 12 - RISK MANAGEMENT - (Continued)

The claims liability of $567 reported in the basic financial statements at June 30, 2018, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activity for the current year is as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2018	$ 388	$ 7,565	$ (7,386)	$ 567
2017	192	7,672	(7,476)	388

C. Workers' Compensation Plan

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), a public entity risk pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. Participants of the GRP are placed in tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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 on or after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The Center's contractually required contribution to SERS was $263,397 for fiscal year 2018. Of this amount, $19,120 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The Center's contractually required contribution to STRS was $1,073,853 for fiscal year 2018. Of this amount, $165,669 is reported as pension and postemployment benefits payable.

Net Pension Liability

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.0601141%	0.06722607%	
Proportion of the net pension liability current measurement date	0.0614033%	0.06624717%	
Change in proportionate share	0.0012892%	-0.00097890%	
Proportionate share of the net pension liability	$ 3,668,712	$ 15,737,157	$ 19,405,869
Pension expense	$ (179,692)	$ (6,353,751)	$ (6,533,443)

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 157,889	$ 607,694	$ 765,583
Changes of assumptions	189,711	3,441,890	3,631,601
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	76,453	19,994	96,447
Center contributions subsequent to the measurement date	263,397	1,073,853	1,337,250
Total deferred outflows of resources	$ 687,450	$ 5,143,431	$ 5,830,881
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 126,835	$ 126,835
Net difference between projected and actual earnings on pension plan investments	17,417	519,345	536,762
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	118,720	784,736	903,456
Total deferred inflows of resources	$ 136,137	$ 1,430,916	$ 1,567,053

$1,337,250 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$ 99,490	$ 430,955	$ 530,445
2020	204,616	1,137,441	1,342,057
2021	69,336	852,244	921,580
2022	(85,526)	218,022	132,496
Total	$ 287,916	$ 2,638,662	$ 2,926,578

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

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

For 2017, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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 13 - 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 earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	$ 5,091,218	$ 3,668,712	$ 2,477,072

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS Ohio

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

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

For the July 1, 2017, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net pension liability	$ 22,558,679	$ 15,737,157	$ 9,991,047

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (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. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the Center's surcharge obligation was $10,025.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $19,780 for fiscal year 2018. Of this amount, $10,733 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2018, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.05737304%	0.06722607%	
Proportion of the net OPEB liability current measurement date	0.0577921%	0.06624717%	
Change in proportionate share	0.00041906%	-0.00097890%	
Proportionate share of the net OPEB liability	$ 1,550,988	$ 2,584,720	$ 4,135,708
OPEB expense	$ 88,553	$ (796,196)	$ (707,643)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ -	$ 149,206	$ 149,206
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	1,837	-	1,837
Center contributions subsequent to the measurement date	19,780	-	19,780
Total deferred outflows of resources	$ 21,617	$ 149,206	$ 170,823
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 4,096	$ 110,477	$ 114,573
Changes of assumptions	147,181	208,208	355,389
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	12,869	44,873	57,742
Total deferred inflows of resources	$ 164,146	$ 363,558	$ 527,704

$19,780 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	$ (58,347)	$ (44,931)	$ (103,278)
2020	(58,347)	(44,931)	(103,278)
2021	(44,591)	(44,931)	(89,522)
2022	(1,024)	(44,931)	(45,955)
2023	-	(17,313)	(17,313)
Thereafter	-	(17,315)	(17,315)
Total	$ (162,309)	$ (214,352)	$ (376,661)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
Investment rate of return	7.50 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.56 percent
Prior measurement date	2.92 percent
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.63 percent
Prior measurement date	2.98 percent
Medical trend assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.56 percent, as of June 30, 2017 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.63%) and higher (4.63%) than the current discount rate (3.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 4.0%) and higher (8.5% decreasing to 6.0%) than the current rate.

	1% Decrease (2.63%)	Discount Rate (3.63%)	1% Increase (4.63%)
District's proportionate share of the net OPEB liability	$ 1,873,016	$ 1,550,988	$ 1,295,860

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
District's proportionate share of the net OPEB liability	$ 1,258,511	$ 1,550,988	$ 1,938,087

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2017, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Cost-of-living adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended discount rate of return	4.13 percent
Health care cost trends	6 to 11 percent initial, 4.5 percent ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Center's proportionate share of the net OPEB liability	$ 3,469,945	$ 2,584,720	$ 1,885,103

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 1,795,753	$ 2,584,720	$ 3,623,094

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

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

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

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

(f) Investments are reported at fair value (GAAP basis) rather than cost (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 is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ (7,372)
Net adjustment for revenue accruals	18,347
Net adjustment for expenditure accruals	(147,195)
Net adjustment for other sources/uses	102,846
Funds budgeted elsewhere	48,681
Adjustment for encumbrances	94,049
GAAP basis	$ 109,356

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the flower fund, the customer service fund, public school support fund, the workers' compensation fund, the termination benefits fund and the management information systems fund.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The Center is not a party to legal proceedings that would have a material effect on the financial condition of the Center.

C. Foundation Funding

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 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Center.

NOTE 17 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2017	$ -
Current year set-aside requirement	170,600
Current year offsets	(400,000)
Total	$ (229,400)
Balance carried forward to fiscal year 2019	$ -
Set-aside balance June 30, 2018	$ -

NOTE 18 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 95,870
Nonmajor governmental funds	132,843
Total	$ 228,713

NOTE 19 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Various taxing districts including the Village of Lordstown and City of Warren entered into Community Redevelopment Agreements (CRA) and Economic Zone Agreement (EZs) with various companies for the abatement of property taxes to bring jobs and economic development into the area. Under the agreement, the companies' property taxes assessed to the Center have been abated. During fiscal year 2018, the Center's property taxes were reduced by $34,558.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.06140330%	0.06011410%	0.06274040%	0.06435700%	0.06435700%
Center's proportionate share of the net pension liability	$ 3,668,712	$ 4,399,797	$ 3,580,028	$ 3,257,071	$ 3,827,104
Center's covered payroll	$ 1,987,964	$ 1,853,800	$ 1,888,816	$ 1,870,087	$ 1,951,337
Center's proportionate share of the net pension liability as a percentage of its covered payroll	184.55%	237.34%	189.54%	174.17%	196.13%
Plan fiduciary net position as a percentage of the total pension liability	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.06624717%	0.06722607%	0.06901546%	0.07124883%	0.07124883%
Center's proportionate share of the net pension liability	$ 15,737,157	$ 22,502,592	$ 19,073,854	$ 17,330,181	$ 20,643,599
Center's covered payroll	$ 7,359,843	$ 7,039,857	$ 7,327,629	$ 7,279,662	$ 7,858,692
Center's proportionate share of the net pension liability as a percentage of its covered payroll	213.82%	319.65%	260.30%	238.06%	262.68%
Plan fiduciary net position as a percentage of the total pension liability	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 263,397	$ 278,315	$ 259,532	$ 248,946
Contributions in relation to the contractually required contribution	(263,397)	(278,315)	(259,532)	(248,946)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 1,951,089	$ 1,987,964	$ 1,853,800	$ 1,888,816
Contributions as a percentage of covered payroll	13.50%	14.00%	14.00%	13.18%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 259,194	$ 270,065	$ 253,621	$ 239,220	$ 270,588	$ 179,806
(259,194)	(270,065)	(253,621)	(239,220)	(270,588)	(179,806)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,870,087	$ 1,951,337	$ 1,885,658	$ 1,903,103	$ 1,998,434	$ 1,827,297
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 1,073,853	$ 1,030,378	$ 985,580	$ 1,025,868
Contributions in relation to the contractually required contribution	(1,073,853)	(1,030,378)	(985,580)	(1,025,868)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 7,670,379	$ 7,359,843	$ 7,039,857	$ 7,327,629
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 946,356	$ 1,021,630	$ 1,007,684	$ 1,035,485	$ 981,247	$ 979,607
(946,356)	(1,021,630)	(1,007,684)	(1,035,485)	(981,247)	(979,607)
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,279,662	$ 7,858,692	$ 7,751,415	$ 7,965,269	$ 7,548,054	$ 7,535,438
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	**2017**
Center's proportion of the net OPEB liability	0.05779210%	0.05737304%
Center's proportionate share of the net OPEB liability	$ 1,550,988	$ 1,635,344
Center's covered payroll	$ 1,987,964	$ 1,853,800
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	78.02%	88.22%
Plan fiduciary net position as a percentage of the total OPEB liability	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO FISCAL YEARS

	2018	2017
Center's proportion of the net OPEB liability	0.06624717%	0.06722607%
Center's proportionate share of the net OPEB liability	$ 2,584,720	$ 3,595,268
Center's covered payroll	$ 7,359,843	$ 7,039,857
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	35.12%	51.07%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ 19,780	$ 10,600	$ 13,817	$ 29,292
Contributions in relation to the contractually required contribution	(19,780)	(10,600)	(13,817)	(29,292)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 1,951,089	$ 1,987,964	$ 1,853,800	$ 1,888,816
Contributions as a percentage of covered payroll	1.01%	0.53%	0.75%	1.55%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014		2013		2012		2011		2010		2009	
$	13,596	$	30,325	$	37,531	$	55,238	$	36,688	$	111,508
	(13,596)		(30,325)		(37,531)		(55,238)		(36,688)		(111,508)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,870,087	$	1,951,337	$	1,885,658	$	1,903,103	$	1,998,434	$	1,827,297
	0.73%		1.55%		1.99%		2.90%		1.84%		6.10%

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2018	2017	2016	2015
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 7,670,379	$ 7,359,843	$ 7,039,857	$ 7,327,629
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2014	2013	2012	2011	2010	2009
$ 75,367	$ 78,587	$ 77,514	$ 79,653	$ 75,481	$ 75,534
(75,367)	(78,587)	(77,514)	(79,653)	(75,481)	(75,534)
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,279,662	$ 7,858,692	$ 7,751,415	$ 7,965,269	$ 7,548,054	$ 7,535,438
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate was increased from 2.98% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation was increased from 2.98% to 3.63%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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

This page intentionally left blank.

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Federal Grantor/ *Pass-Through Grantor/* Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture				
Passed through Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	10.553	044594-05PU-11	$ 35,448	$ 0
National School Lunch Program	10.555	044594-LLP4-11	147,875	23,053
Total Child Nutrition Cluster			183,323	23,053
Total U.S. Department of Agriculture			183,323	23,053
U.S. Department of Education				
Passed through Ohio Department of Education				
Adult Education - Basic Grants to States	84.002	N/A	356,864	0
Career and Technical Education - Basic Grants to States	84.048	N/A	619,568	0
Student Financial Aid Cluster:				
Federal Pell Grant Program (PELL)	84.063	N/A	330,773	0
Federal Direct Student Loans (DIRECT LOAN)	84.268	N/A	421,826	0
Total Student Financial Aid Cluster			752,599	0
Total U.S. Department of Education			1,729,031	0
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,912,354	$ 23,053

See accompanying notes to the Schedule of Expenditures of Federal Awards.

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

NOTE 1: **BASIS OF PRESENTATION**

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

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: **INDIRECT COST RATE**

The Trumbull Career and Technical Center has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: **CHILD NUTRITION CLUSTER**

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

NOTE 5: **FOOD DONATION PROGRAM**

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

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of Board of Education
Trumbull Career and Technical Center
Warren, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center, Trumbull County, Ohio, (the Center) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated November 20, 2018, wherein we noted the Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 20, 2018

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants (216) 475 - 6136 Ohio Society of Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Members of Board of Education
Trumbull Career and Technical Center
Warren, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited the Trumbull Career and Technical Center, Trumbull County, Ohio's (the Center) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2018. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

James G. Zupka, CPA, Inc.

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 20, 2018

2018(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2018(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2018(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2018(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2018(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2018(v)	Type of Major Programs' Compliance Opinions	Unmodified
2018(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2018(vii)	Major Programs (list): Student Financial Aid Cluster: Federal Pell Grant Program - CFDA #84.063 Federal Direct Student Loans - CFDA #84.268	
2018(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others less than $750,000
2018(ix)	Low Risk Auditee?	Yes

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

The prior audit report, as of June 30, 2017, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

OHIO AUDITOR OF STATE
KEITH FABER

TRUMBULL CAREER AND TECHNICAL CENTER

TRUMBULL 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
APRIL 2, 2019