PENTA CAREER CENTER
WOOD COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

CARRIE J. HERRINGSHAW, TREASURER

Dave Yost • Auditor of State

Board of Education
Penta Career Center
9301 Buck Road
Perrysburg, Ohio 43551

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

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

Dave Yost
Auditor of State

January 8, 2018

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PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

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

To the Governing Board:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, on our consideration of the Penta Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Penta Career Center's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
November 20, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- The Career Center's net position of governmental activities increased $3,527,534 which represents a 15.57% increase from 2016.

- General revenues accounted for $30,256,012 in revenue or 72.98 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for $11,201,143 or 27.02 percent of total revenues of $41,457,155.

- The Career Center had $37,929,621 in expenses related to governmental activities; $11,201,143 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were adequate to provide for these programs.

- The Career Center's largest major governmental fund is the general fund. The general fund had $32,926,572 in revenues and $28,511,987 in expenditures. During fiscal year 2017, the general fund's fund balance increased $4,414,585 or 39.86 percent from a balance of $11,075,719 to $15,490,304.

- The fund balance of the permanent improvement fund increased $1,493,951 or 17.35 percent during fiscal year 2017.

Using this Annual Financial Report

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities reflect how the Career Center did financially during fiscal year 2017. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The Career Center's statement of net position and statement of activities can be found on pages 16 and 17 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 12. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and the permanent improvement fund.

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-20 of this report.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for student managed activities. These activities are reported in an agency fund. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 22 and 23. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-61 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Career Center's budgetary basis of accounting and net pension liability in this report on pages 62-63 and 64-70, respectively.

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The Career Center as a Whole

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

Net Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current and other assets	$ 44,242,711	$ 38,820,347
Capital assets	76,991,565	79,399,202
Total assets	121,234,276	118,219,549
Deferred outflows of resources	13,154,695	8,694,090
Liabilities		
Current liabilities	4,026,172	3,576,338
Long-term liabilities:		
Due within one year	2,731,178	2,546,484
Due in more than one year:		
Net pension liability	51,495,536	42,072,681
Other amounts	35,876,302	38,469,195
Total liabilities	94,129,188	86,664,698
Deferred inflows of resources	14,079,628	17,596,320
Net Position		
Net investment in capital assets	44,693,267	44,843,660
Restricted	10,482,428	9,073,442
Unrestricted (deficit)	(28,995,540)	(31,264,481)
Total net position	$ 26,180,155	$ 22,652,621

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

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

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

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

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

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

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

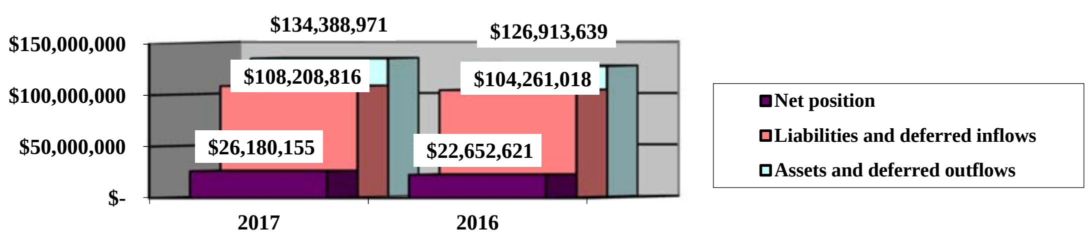
As a result of implementing GASB 68, the Career Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the Career Center's assets and deferred outflows exceeded liabilities and deferred inflows by $26,180,155.

At June 30, 2017, capital assets represented 63.51 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and building improvements, furniture, fixtures and equipment and vehicles. The net investment in capital assets at June 30, 2017 was $44,693,267. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, $10,482,428, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position was a deficit of $28,995,540. The deficit balance in unrestricted net position was the result of reporting the net pension liability required by GASB 68.

Governmental Activities



The table below shows the changes in net position for governmental activities between 2017 and 2016.

Change in Net Position

	Governmental Activities 2017	Governmental Activities 2016
Revenues		
Program revenues:		
Charges for services and sales	$ 2,066,862	$ 2,081,570
Operating grants and contributions	9,134,281	9,198,778
General revenues:		
Property taxes	17,426,651	14,990,113
Payment in lieu of taxes	187,673	230,936
Grants and entitlements	11,763,493	9,636,378
Investment earnings	335,757	269,097
Change in fair value of investments	523,034	(62,753)
Miscellaneous	19,404	99,143
Total revenues	41,457,155	36,443,262

- (Continued)

Change in Net Position - (Continued)

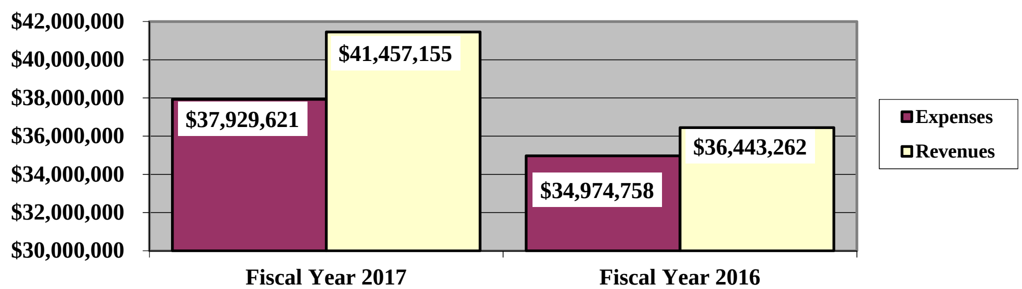
	Governmental Activities 2017	Governmental Activities 2016
Expenses		
Program expenses:		
Instruction:		
Special	$ 979,969	$ 890,979
Vocational	19,378,997	17,447,870
Adult/continuing	1,074,131	1,194,132
Other	780,387	677,966
Support services:		
Pupil	3,248,239	2,859,695
Instructional staff	3,396,705	2,890,311
Board of education	58,777	79,374
Administration	1,375,175	1,568,822
Fiscal	749,504	685,731
Operations and maintenance	3,120,231	2,995,848
Central	356,863	366,412
Other non-instructional services	264,389	269,647
Food service operations	745,725	755,028
Extracurricular activities	387,410	406,761
Interest and fiscal charges	2,013,119	1,886,182
Total expenses	37,929,621	34,974,758
Change in net position	3,527,534	1,468,504
Net position at beginning of year	22,652,621	21,184,117
Net position at end of year	$ 26,180,155	$ 22,652,621

Governmental Activities

Net position of the Career Center's governmental activities increased during fiscal year 2017 by $3,527,534. Total revenues increased 13.76 percent during fiscal year 2017. Property tax revenue increased by $2,436,538 during fiscal year 2017. During fiscal year 2017, the Career Center received more unrestricted state foundation revenue due to the fiscal year 2017 Ohio Department of Education funding report adjustment. Total interest revenues increased during fiscal year 2017 due to an increase in the fair market value of the Career Center's investments that was reported at June 30, 2017. Payment in lieu of tax revenue decreased during fiscal year 2017 as less than scheduled payments due from businesses were paid during the fiscal year. Fiscal year 2017 total expenses increased slightly by 8.45 percent from fiscal year 2016, as a result of a tight control over spending.

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

Governmental Activities - Revenues and Expenses



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

Governmental Activities

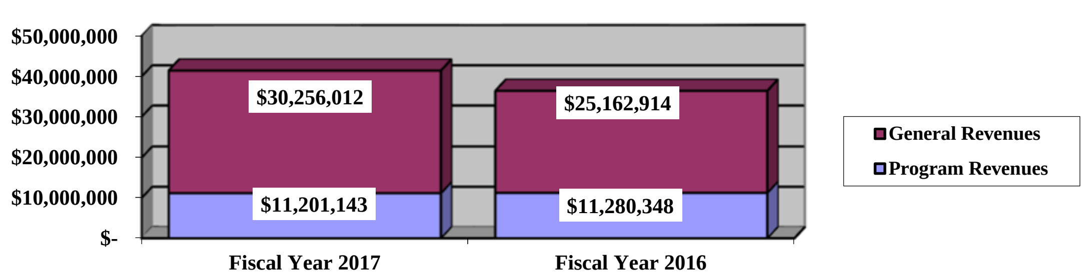
	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses				
Instruction:				
Special	$ 979,969	$ 641,142	$ 890,979	$ 546,655
Vocational	19,378,997	11,759,407	17,447,870	10,110,806
Adult/continuing	1,074,131	(12,237)	1,194,132	(87,559)
Other	780,387	397,326	677,966	293,378
Support services:				
Pupil	3,248,239	2,986,698	2,859,695	2,582,259
Instructional staff	3,396,705	3,114,274	2,890,311	2,605,796
Board of education	58,777	58,777	79,374	79,374
Administration	1,375,175	1,149,299	1,568,822	1,225,718
Fiscal	749,504	749,504	685,731	685,731
Operations and maintenance	3,120,231	3,120,231	2,995,848	2,995,848
Central	356,863	356,863	366,412	366,412
Other non-instructional services	264,389	(83,009)	269,647	(41,244)
Food service operations	745,725	89,674	755,028	38,293
Extracurricular activities	387,410	387,410	406,761	406,761
Interest and fiscal charges	2,013,119	2,013,119	1,886,182	1,886,182
Total expenses	$ 37,929,621	$ 26,728,478	$ 34,974,758	$ 23,694,410

The dependence upon taxes and other general revenues for governmental activities is apparent; for all governmental activities, general revenue support is 70.47 percent and 67.75 percent for fiscal years 2017 and 2016. The Career Center's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for Career Center's students.

Several programs, however, receive significant contributions from program revenues. For instance, 57.56 percent of instruction costs are provided for through program revenues, primarily operating grants and contributions and charges for services which include tuition and fees.

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

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of $26,196,828, which is higher than last year's total of $20,114,218. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase
General	$ 15,490,304	$ 11,075,719	$ 4,414,585
Permanent improvement	10,103,619	8,609,668	1,493,951
Other Governmental	602,905	428,831	174,074
Total	$ 26,196,828	$ 20,114,218	$ 6,082,610

The fund balance of the Career Center's other governmental funds increased $174,074 during fiscal year 2017 as a result of an increase of $112,993 in the Adult Education fund, $44,746 in the Food Services fund, $20,504 in the Vocational Education fund, $35,841 in Misc. State Grants fund, and decreases of $33,290 in the Adult Basic Education fund, $6,320 in the Improving Teacher Quality fund and $400 in the Vocational Education Enhancement fund.

General Fund

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

	2017 Amount	2016 Amount	Percentage Change
Revenues			
Taxes	$ 12,175,939	$ 10,413,200	16.93 %
Tuition	743,650	514,887	44.43 %
Earnings on investments	227,060	184,756	22.90 %
Intergovernmental	18,702,414	16,253,109	15.07 %
Other revenues	1,077,509	607,727	77.30 %
Total	$ 32,926,572	$ 27,973,679	17.71 %
Expenditures			
Instruction	$ 17,973,694	$ 16,897,822	6.37 %
Support services	9,774,467	9,784,707	(0.10) %
Other non-instructional services	264,389	269,647	(1.95) %
Extracurricular activities	387,410	406,761	(4.76) %
Capital outlay	-	239,362	(100.00) %
Debt service	112,027	57,595	94.51 %
Total	$ 28,511,987	$ 27,655,894	3.10 %

The general fund balance increased by $4,414,585 during fiscal year 2017. Tax revenue increased 16.93 percent when compared to the prior fiscal year. Tuition revenue increased due to more revenue received from open enrollment through state foundation. The increase in earnings on investments is due to the Career Center increasing its investment portfolio during fiscal year 2017. Intergovernmental revenues increased as more unrestricted state foundation revenue was received due to the fiscal year 2017 Ohio Department of Education funding report adjustment.

Overall expenditures increased by 3.10 percent during fiscal year 2017. Instructional services increased only 6.37 percent as a result of increased salaries and benefits. The decrease in capital outlay and increase in debt service is due to a capital lease obligation for office equipment that was entered into during fiscal year 2016.

Permanent Improvement Fund

The 17.35 percent increase in the fund balance of the permanent improvement fund is a result of fewer maintenance and construction projects undertaken during fiscal year 2017. During fiscal year 2017, the permanent improvement fund made $2,290,000 and $1,725,188 in current principal and interest payments, respectively, on the certificates of participation. The fund increase of $1,493,951 was carried over to the next fiscal year resulting in a year end fund balance of $10,103,619.

General Fund Budgeting Highlights

The Career Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund shown as supplemental information on pages 62-63.

During the course of fiscal year 2017, the Career Center amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were $28,447,455 and $31,145,700, respectively. Actual revenues and other financing sources for fiscal year 2017 were $31,167,642. This represents a $21,942 increase from final budgeted revenues.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were $29,443,385 and $29,968,385, respectively. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled $29,039,786, which was $928,599 less than the final budget appropriations.

Capital Assets

At the end of fiscal 2017, the Career Center had $76,991,565 invested in land, land improvements, buildings and building improvements, furniture, fixtures and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2017 balances compared to 2016:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 7,150,778	$ 7,150,778
Construction in progress	-	469,952
Land improvements	1,139,226	1,300,935
Building and building improvements	65,788,966	67,245,850
Furniture and equipment	2,678,655	2,934,375
Vehicles	233,940	297,312
Total	$ 76,991,565	$ 79,399,202

The overall decrease in capital assets of $2,407,637 occurred as a result of the 2017 depreciation expense of $2,804,169, and disposals (net of accumulated depreciation) of $469,952 being more than additions of $866,484.

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

Debt Administration

At June 30, 2017 and June 30, 2016, the Career Center had the following debt obligations outstanding:

	Governmental Activities	
	2017	2016
Certificates of participation	$ 35,646,139	$ 38,186,012
Capital lease obligation	199,220	297,729
Net pension liability	51,495,536	42,072,681
Total	$ 87,340,895	$ 80,556,422

At June 30, 2017 the Career Center's overall legal debt margin was $547,186,718 with an unvoted debt margin of $6,079,852.

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

Current Related Financial Activities

The formula for career technical education (CTE) funding changed in fiscal year 2017. Previously, CTE was subject to a district's cap or guarantee, if applicable. Beginning in fiscal year 2017, CTE funding is calculated outside the cap and guarantee and paid at the district's state share percentage regardless if the district is on the cap or guarantee.

In fiscal year 2018, the legislated per pupil amount (opportunity grant) will be $6,010 (up from $6,000 in fiscal year 2017).

Contacting the Career Center's Financial Management

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

BASIC
FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 26,650,125
Receivables:	
Property taxes	16,639,024
Payment in lieu of taxes	370,341
Accounts	68,049
Accrued interest	34,297
Intergovernmental	349,920
Prepayments	118,148
Materials and supplies inventory	3,554
Inventory held for resale	9,253
Capital assets:	
Nondepreciable capital assets	7,150,778
Depreciable capital assets, net	69,840,787
Capital assets, net	76,991,565
Total assets	121,234,276
Deferred outflows of resources:	
Unamortized deferred charges on certificates of participation refunding	3,547,061
Pension - STRS	7,812,743
Pension - SERS	1,794,891
Total deferred outflows of resources	13,154,695
Liabilities:	
Accounts payable	518,928
Accrued wages and benefits payable	2,433,974
Matured compensated absences payable	57,257
Intergovernmental payable	614,312
Accrued interest payable	401,701
Long-term liabilities:	
Due within one year	2,731,178
Due in more than one year:	
Net pension liability (See Note 14)	51,495,536
Other amounts due in more than one year	35,876,302
Total liabilities	94,129,188
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	13,709,287
Payment in lieu of taxes levied for the next fiscal year	370,341
Total deferred inflows of resources	14,079,628
Net position:	
Net investment in capital assets	44,693,267
Restricted for:	
Capital projects	9,758,125
Adult education	531,641
Food service operations	123,959
State funded programs	68,703
Unrestricted (deficit)	(28,995,540)
Total net position	$ 26,180,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Special	$ 979,969	$ -	$ 338,827	$ (641,142)
Vocational	19,378,997	743,650	6,875,940	(11,759,407)
Adult/continuing	1,074,131	436,110	650,258	12,237
Other	780,387	-	383,061	(397,326)
Support services:				
Pupil	3,248,239	49,636	211,905	(2,986,698)
Instructional staff	3,396,705	-	282,431	(3,114,274)
Board of education	58,777	-	-	(58,777)
Administration	1,375,175	164,056	61,820	(1,149,299)
Fiscal	749,504	-	-	(749,504)
Operations and maintenance	3,120,231	-	-	(3,120,231)
Central	356,863	-	-	(356,863)
Other non-instructional services	264,389	347,398	-	83,009
Food service operations	745,725	326,012	330,039	(89,674)
Extracurricular activities	387,410	-	-	(387,410)
Interest and fiscal charges	2,013,119	-	-	(2,013,119)
Total governmental activities	$ 37,929,621	$ 2,066,862	$ 9,134,281	(26,728,478)
General revenues:				
Property taxes levied for:				
General purposes				12,099,190
Capital outlay				5,327,461
Payments in lieu of taxes				187,673
Grants and entitlements not restricted to specific programs				11,763,493
Investment earnings				335,757
Increase in fair value of investments				523,034
Miscellaneous				19,404
Total general revenues				30,256,012
Change in net position				3,527,534
Net position at beginning of year				22,652,621
Net position at end of year				$ 26,180,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 16,567,453	$ 9,269,220	$ 813,452	$ 26,650,125
Receivables:				
Property taxes	11,443,878	5,195,146	-	16,639,024
Payment in lieu of taxes	370,341	-	-	370,341
Accounts	846	-	67,203	68,049
Accrued interest	34,297	-	-	34,297
Interfund loans	155,087	-	-	155,087
Intergovernmental	212,196	-	137,724	349,920
Prepayments	116,693	-	1,455	118,148
Materials and supplies inventory	-	-	3,554	3,554
Inventory held for resale	-	-	9,253	9,253
Total assets	28,900,791	14,464,366	1,032,641	44,397,798
Liabilities:				
Accounts payable	$ 492,727	$ 4,525	$ 21,676	$ 518,928
Accrued wages and benefits payable	2,349,592	-	84,382	2,433,974
Matured compensated absences payable	57,257	-	-	57,257
Intergovernmental payable	583,445	-	30,867	614,312
Interfund loans payable	-	-	155,087	155,087
Total liabilities	3,483,021	4,525	292,012	3,779,558
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	9,409,272	4,300,015	-	13,709,287
Payment in lieu of taxes levied for the next fiscal year	370,341	-	-	370,341
Delinquent property tax revenue not available	126,958	56,207	-	183,165
Intergovernmental revenue not available	-	-	137,724	137,724
Accrued interest not available	20,895	-	-	20,895
Total deferred inflows of resources	9,927,466	4,356,222	137,724	14,421,412
Total liabilities and deferred inflows of resources	13,410,487	4,360,747	429,736	18,200,970
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	3,554	3,554
Prepaids	116,693	-	1,455	118,148
Restricted:				
Capital improvements	-	10,103,619	-	10,103,619
Adult education	-	-	534,513	534,513
Food service operations	-	-	135,362	135,362
State funded programs	-	-	68,703	68,703
Committed:				
Education foundation	5,428,175	-	-	5,428,175
Assigned:				
Student instruction	163,854	-	-	163,854
Student and staff support	173,570	-	-	173,570
Extracurricular activities	13,644	-	-	13,644
Other purposes	275,728	-	-	275,728
Unassigned (deficit)	9,318,640	-	(140,682)	9,177,958
Total fund balances	15,490,304	10,103,619	602,905	26,196,828
Total liabilities, deferred inflows and fund balances	$ 28,900,791	$ 14,464,366	$ 1,032,641	$ 44,397,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

Total governmental fund balances		
Amounts reported for governmental activities on the statement of net position are different because:		26,196,828
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		76,991,565
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 183,165	
Accrued interest receivable	20,895	
Intergovernmental receivable	137,724	
Total		341,784
Unamortized premiums on certificates of participation are not recognized in the funds.		(2,686,139)
Unamortized deferred outflows from refunding of certificates of particpation are not recognized in the funds.		3,547,061
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(401,701)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows of resources are not reported in governmental funds:		
Deferred outflows of resources - pension	9,607,634	
Net pension liability	(51,495,536)	
Total		(41,887,902)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(32,960,000)	
Capital lease obligations	(199,220)	
Compensated absences	(2,762,121)	
Total		(35,921,341)
Net position of governmental activities		$ 26,180,155

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 12,175,939	$ 5,361,825	$ -	$ 17,537,764
Payment in lieu of taxes	187,673	-	-	187,673
Tuition.	743,650	-	628,573	1,372,223
Earnings on investments	227,060	107,562	-	334,622
Change in fair value of investments.	523,034	-	-	523,034
Charges for services	-	-	326,012	326,012
Contract services.	307,241	-	-	307,241
Extracurricular.	40,157	-	-	40,157
Classroom materials and fees	-	-	21,230	21,230
Other local revenues	19,404	-	1,864	21,268
Intergovernmental - state	18,702,414	459,113	563,024	19,724,551
Intergovernmental - federal	-	-	1,159,720	1,159,720
Total revenues.	32,926,572	5,928,500	2,700,423	41,555,495
Expenditures:				
Current:				
Instruction:				
Special	805,826	-	-	805,826
Vocational	16,586,439	-	58,230	16,644,669
Adult/continuing	-	-	1,007,918	1,007,918
Other	581,429	-	144,771	726,200
Support services:				
Pupil	2,630,091	-	255,625	2,885,716
Instructional staff	2,735,778	-	247,166	2,982,944
Board of education	45,538	-	-	45,538
Administration	1,017,460	-	196,014	1,213,474
Fiscal	626,971	66,697	-	693,668
Operations and maintenance	2,369,212	134,479	-	2,503,691
Central	349,417	-	-	349,417
Operation of non-instructional services:				
Other operation of non-instructional	264,389	-	-	264,389
Food service operations.	-	-	611,305	611,305
Extracurricular activities	387,410	-	-	387,410
Facilities acquisition and construction.	-	218,185	-	218,185
Debt service:				
Principal retirement.	94,043	2,290,000	4,466	2,388,509
Interest and fiscal charges	17,984	1,725,188	854	1,744,026
Total expenditures	28,511,987	4,434,549	2,526,349	35,472,885
Net change in fund balances	4,414,585	1,493,951	174,074	6,082,610
Fund balances at beginning of year	11,075,719	8,609,668	428,831	20,114,218
Fund balances at end of year.	$ 15,490,304	$ 10,103,619	$ 602,905	$ 26,196,828

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 6,082,610
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated estimated useful lives as depreciation expense.		
Capital asset additions	$ 396,532	
Current year depreciation	(2,804,169)	
Total		(2,407,637)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(111,113)	
Earnings on investments	1,135	
Intergovernmental	11,638	
Total		(98,340)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Certificates of participation	2,290,000	
Capital leases	98,509	
Total		2,388,509
In the statement of activities, interest is accrued on outstanding certificates of particpation, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(189,007)	
Amortization of certificates of participation premium	249,873	
Amortization of deferred charges on certificates of particpation refundings	(329,959)	
Total		(269,093)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		2,365,563
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(4,303,895)
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.		(230,183)
Change in net position of governmental activities		$ 3,527,534

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	$ 46,289	$ 47,896
Total assets.	46,289	$ 47,896
Liabilities:		
Accounts payable.	450	$ 424
Due to students.	-	47,472
Total liabilities	450	$ 47,896
Net position:		
Held in trust for scholarships	45,839	
Total net position.	$ 45,839	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PENTA CAREER CENTER
WOOD COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	$ 31,601
Deductions:	
Scholarships awarded	26,576
Change in net position	5,025
Net position at beginning of year	40,814
Net position at end of year	$ 45,839

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

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

The Career Center was established in 1964. The Career Center serves Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. It is staffed by 90 classified employees, 195 certified teaching personnel and 17 administrative employees who provide services to 1,901 students and other community members. The Career Center currently operates one instructional building.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

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

The NWOCA Assembly consists of a superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

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

Ohio Schools' Council
The Ohio Schools' Council (Council) is a consortium of 200 school districts, educational service centers, joint vocational districts and Developmental Disabilities boards in 34 northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents from member districts whose term rotates every year. The degree of control exercised by any district is limited to its representation on the Board. In fiscal year 2017 the Career Center participated in the Power4Schools Electric program. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio, 44131.

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

INSURANCE POOLS

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. The Career Center's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's agency fund accounts for various student-managed activities.

D. Measurement Focus

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

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

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

E. Basis of Accounting

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

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, See Note 14 for deferred outflows of resources related the Career Center's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

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

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

F. Budgetary Process

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

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

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

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

G. Cash and Investments

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

During fiscal year 2017, the Career Center's investments included nonnegotiable certificates of deposit, commercial paper, federal agency securities, negotiable certificates of deposit, U.S. Government money markets, mutual funds and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market price or current share price.

STAR Ohio (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 Career Center measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

The Board of Education, by resolution, allocates interest earnings at the end of each fiscal year. Interest revenue credited to the general fund during fiscal year 2017 was $227,060, which includes $32,269 assigned from other Career Center funds.

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

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

H. Prepayments

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

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

I. Inventory

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

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

J. Unamortized Premium/Deferred Charges and Issue Costs

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

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

On the governmental fund financial statements, issuance costs, premiums, and deferred charges from refunding are recognized in the current period. The reconciliation between the face value of the certificates of participation and the amount reported on the statement of net position is presented in Note 11.

K. Restricted Assets

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

L. Capital Assets

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

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

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

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

Description	Useful lives
Land improvements	15 - 40 years
Buildings and building improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 10 years
Technology	3 - 5 years

M. Interfund Balances

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

N. Compensated Absences

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

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

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

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

O. Accrued Liabilities and Long-Term Obligations

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

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

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

P. Net Position

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

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

Q. Fund Balance

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

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

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

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

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

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

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

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

R. Interfund Activity

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

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

S. Estimates

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

T. Pensions

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

U. Fair Market Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the Career Center's fiscal year 2017 financial statements (see Note 19); however, there was no effect on beginning net position/fund balance.

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

Nonmajor funds	Deficit
Vocational education enhancements	$ 400
ABLE	103,428
Vocational education	29,716
Improving teacher quality	6,320

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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

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

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

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

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

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all Career Center deposits was $9,195,023. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $9,026,265 of the Career Center's bank balance of $9,526,714 was exposed to custodial risk as discussed below, while $500,449 was covered by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

C. Investments

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

		Investment Maturities				
Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Amortized cost:						
STAR Ohio	$ 6,657	$ 6,657	$ -	$ -	$ -	$ -
Fair value:						
U.S. Government money market	65,165	65,165	-	-	-	-
Mutual funds	5,382,951	5,382,951	-	-	-	-
Commercial paper	2,879,842	1,095,349	1,784,493	-	-	-
Negotiable CDs	3,947,856	496,166	495,841	247,837	247,677	2,460,335
FHLMC	3,457,416	-	-	-	-	3,457,416
FNMA	986,721	-	-	-	-	986,721
FFCB	296,736	-	-	-	-	296,736
FHLB	524,852	-	-	-	-	524,852
Total	$ 17,548,196	$ 7,046,288	$ 2,280,334	$ 247,837	$ 247,677	$ 7,726,060

The weighted average maturity of investments is 1.57 years.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Career 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 Career Center has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2017:

Investment type	Fair value	% to total
Amortized cost:		
STAR Ohio	$ 6,657	0.04
Fair value:		
U.S. Government money market	65,165	0.37
Mutual funds	5,382,951	30.68
Commercial paper	2,879,842	16.41
Negotiable CDs	3,947,856	22.50
FHLMC	3,457,416	19.70
FNMA	986,721	5.62
FFCB	296,736	1.69
FHLB	524,852	2.99
Total	$ 17,548,196	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Cash and investments per note	
Carrying amount of deposits	$ 9,195,023
Investments	17,548,196
Cash on hand	1,091
Total	$ 26,744,310
Cash and investments per statement of net position	
Governmental activities	$ 26,650,125
Private-purpose trust funds	46,289
Agency funds	47,896
Total	$ 26,744,310

NOTE 5 - INTERFUND TRANSACTIONS

At June 30, 2017, the general fund had a short-term interfund receivable, in the amount of $155,087, from nonmajor governmental funds as a result of providing cash flow resources until the receipt of grant monies.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

NOTE 6 - PROPERTY TAXES - (Continued)

The Career Center receives property taxes from Fulton, Hancock, Henry, Lucas, Ottawa, Sandusky and Wood Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $1,907,648 in the general fund and $838,924 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was $1,051,444 in the general fund and $461,932 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	5,535,206,960	93.44	5,646,699,250	92.88
Public utility personal	388,501,920	6.56	433,153,170	7.12
Total	$ 5,923,708,880	100.00	$ 6,079,852,420	100.00
Tax rate per $1,000 of assessed valuation		$ 3.20		$ 3.20

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Lucas and Wood Counties have entered into agreements with a number of property owners under which the Counties have granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to the Counties to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The Career Center received $187,673 in payments in lieu of taxes as a result of these agreements during fiscal year 2017 and a receivable of $370,341 has been reported on the statement of net position.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes, are expected to be collected within one year. Property taxes and payments in lieu of taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivable follows:

Governmental activities:	Amount
Bureau of workers' compensation refund	$ 37,010
State foundation - JV091 College redit plus	175,186
Vocational education enhancements	400
ABLE	105,845
Vocational education	25,282
Improving teacher quality	6,197
Total intergovernmental receivables	$ 349,920

NOTE 9 - CAPITAL ASSETS

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

	Balance 06/30/16	Additions	Deductions	Balance 06/30/17
Governmental activities:				
Nondepreciable capital assets:				
Land	$ 7,150,778	$ -	$ -	$ 7,150,778
Construction in progress	469,952	-	(469,952)	-
Total nondepreciable capital assets	7,620,730	-	(469,952)	7,150,778
Depreciable capital assets:				
Land improvements	2,711,547	14,749	-	2,726,296
Buildings and building improvements	83,794,295	664,162	-	84,458,457
Furniture, fixtures and equipment	6,988,470	187,573	-	7,176,043
Vehicles	1,186,065	-	-	1,186,065
Total depreciable capital assets	94,680,377	866,484	-	95,546,861
Less: accumulated depreciation				
Land improvements	(1,410,612)	(176,458)	-	(1,587,070)
Buildings and building improvements	(16,548,445)	(2,121,046)	-	(18,669,491)
Furniture, fixtures and equipment	(4,054,095)	(443,293)	-	(4,497,388)
Vehicles	(888,753)	(63,372)	-	(952,125)
Total accumulated depreciation	(22,901,905)	(2,804,169)	-	(25,706,074)
Depreciable capital assets, net	71,778,472	(1,937,685)	-	69,840,787
Governmental activities capital assets, net	$ 79,399,202	$ (1,937,685)	$ (469,952)	$ 76,991,565

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Special	$ 99,191
Vocational	1,754,756
Adult/continuing	21,984
Support services:	
Pupil	36,292
Instructional staff	166,510
Board of education	13,239
Administration	46,141
Fiscal	7,997
Operations and maintenance	533,528
Food service operations	124,531
Total depreciation expense	$ 2,804,169

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE

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

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

Governmental activities	
Capital assets, being depreciated:	
Furniture, fixtures and equipment	$ 273,862
Less: accumulated depreciation	
Furniture, fixtures and equipment	(70,882)
Total capital assets, being depreciated, net	$ 202,980

NOTE 10 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

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

Fiscal Year Ending June 30,	Governmental Activities
2018	$ 57,576
2019	57,576
2020	57,576
2021	57,576
	230,304
Less: amount representing interest	(31,084)
Present value of minimum lease payments	$ 199,220

NOTE 11 - LONG-TERM OBLIGATIONS

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

Governmental activities:	Balance 06/30/16	Additions	Reductions	Balance 06/30/17	Amounts due in one year
2012 Refunding Certificates of participation, 2.0-5.25%	$ 35,250,000	$ -	$ (2,290,000)	$ 32,960,000	$ 2,375,000
Premium on certificates of participation	2,936,012	-	(249,873)	2,686,139	-
Capital lease obligation	297,729	-	(98,509)	199,220	44,509
Compensated absences payable	2,531,938	618,645	(388,462)	2,762,121	311,669
Net pension liability:					
STRS	36,102,300	7,656,781	-	43,759,081	-
SERS	5,970,381	1,766,074	-	7,736,455	-
Total net pension liability	42,072,681	9,422,855	-	51,495,536	-
Total governmental activities long-term obligations	$ 83,088,360	$ 10,041,500	$ (3,026,844)	$ 90,103,016	$ 2,731,178

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin - The Career Center's overall debt margin was $547,186,718, with an unvoted debt margin of $6,079,852 at June 30, 2017.

2012 Certificates of Participation - On April 25, 2012, the Career Center issued $43,810,000 in Certificates of Participation for the purpose of advance refunding the remaining outstanding principal amount of $54,710,000 of the 2004 Certificates of Participation. The Career Center made a cash contribution of $8,000,000 and used debt service reserve funds of $4,197,000 in the refunding transaction, which was included in the $59,305,511 payment to refunding escrow agent. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded 2004 Certificates of Participation at June 30, 2017, is $46,600,000.

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

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

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

The obligation of the Career Center under the amended and restated lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. At that time, title will be transferred to the Career Center. In the event the Career Center defaults on the lease, after thirty days the lessor may lease the campus to a new tenant. Under terms of the lease agreement, the Career Center may not lease, acquire, or allocate funds to acquire functionally similar facilities for thirty days after default. The lease obligation will be paid from a one mill permanent improvement property tax levy.

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the debt outstanding at June 30, 2017, were as follows:

Fiscal	Certificates of Participation		
Year Ending	Principal	Interest	Total
2018	$ 2,375,000	$ 1,633,588	$ 4,008,588
2019	2,470,000	1,538,587	4,008,587
2020	2,595,000	1,415,088	4,010,088
2021	2,725,000	1,285,337	4,010,337
2022	2,860,000	1,149,088	4,009,088
2023 - 2027	16,695,000	3,367,238	20,062,238
2028	3,240,000	129,600	3,369,600
Total	$ 32,960,000	$ 10,518,526	$ 43,478,526

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Health Care Benefits

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

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

C. Separation Benefits

The Career Center provides a separation benefit to eligible certified employees. A full-time employee eligible to retire under the provisions of the State Teachers Retirement System, that has fifteen years of service with the Career Center, will be paid $2,000 if notification of pending retirement is submitted in writing to the Superintendent no later than January 1 for retirement effective at the end of the current school year or prior to the following school year. At June 30, 2017, the Career Center had no separation benefits payable.

NOTE 13 - RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the Career Center contracted for the following insurance coverage.

Coverage provided by the Netherlands Insurance Company is as follows:

Building	$129,086,831
Data compromise	100,000
Equipment breakdown	250,000
Commercial crime:	
Forgery/alterations	100,000
Public employee dishonesty	500,000
Funds transfer fraud	500,000
Computer equipment	2,276,960
Rented equipment & tools	75,000
Automobile liability	1,000,000

Coverage provided by Ohio School Plan is as follows:

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

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

NOTE 13 - RISK MANAGEMENT - (Continued)

For fiscal year 2017, the Career Center participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverages and deductibles selected by the participant.

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

NOTE 14 - 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 intergovernmental payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Career Center's contractually required contribution to SERS was $415,202 for fiscal year 2017. Of this amount, $16,990 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The Career Center's contractually required contribution to STRS was $1,950,361 for fiscal year 2017. Of this amount, $269,495 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.10463160%	0.13062996%	
Proportion of the net pension liability current measurement date	0.10570260%	0.13072943%	
Change in proportionate share	0.00107100%	0.00009947%	
Proportionate share of the net pension liability	$ 7,736,455	$ 43,759,081	$ 51,495,536
Pension expense	$ 871,983	$ 3,431,912	$ 4,303,895

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 104,345	$ 1,768,078	$ 1,872,423
Net difference between projected and actual earnings on pension plan investments	638,146	3,633,180	4,271,326
Changes of assumptions	516,450	-	516,450
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	120,748	461,124	581,872
Career Center contributions subsequent to the measurement date	415,202	1,950,361	2,365,563
Total deferred outflows of resources	$ 1,794,891	$ 7,812,743	$ 9,607,634

$2,365,563 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$ 367,123	$ 1,006,512	$ 1,373,635
2019	366,662	1,006,512	1,373,174
2020	462,461	2,400,664	2,863,125
2021	183,443	1,448,694	1,632,137
Total	$ 1,379,689	$ 5,862,382	$ 7,242,071

Actuarial Assumptions - SERS

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Career Center's proportionate share of the net pension liability	$ 10,242,584	$ 7,736,455	$ 5,638,721

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Career Center's proportionate share of the net pension liability	$ 58,152,263	$ 43,759,081	$ 31,617,584

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

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the Career Center's surcharge obligation was $32,808.

The Career Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $32,808, $43,463, and $68,472, respectively. The fiscal year 2017 amount has been reported as intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

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

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

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

NOTE 17 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	357,812
Current year qualifying expenditures	(529,356)
Current year offsets	(5,615,490)
Total	$ (5,787,034)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 18 - COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 352,894
Permanent improvement	187,392
Other governmental	117,317
Total	$ 657,603

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property and business owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Career Center. The EZAs and CRA program are directive incentive tax exemption programs benefiting property and business owners who renovate or construct new buildings or bring new jobs into the area. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock, the development of new structures, and economic growth. Within the taxing districts of the Career Center, certain municipal governments located in the counties of Lucas and Wood have entered into such agreements. Under these agreements, the Career Center's property taxes were reduced by $1,776,619 in Lucas County and $251,502 in Wood County. The Career Center is not receiving any amounts from the other governments in association with the forgone property tax revenue.

REQUIRED SUPPLEMENTARY INFORMATION

PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
From local sources:				
Property taxes	$ 11,205,519	$ 11,319,735	$ 11,319,735	$ -
Tuition	-	743,535	743,650	115
Earnings on investments	75,000	103,000	123,291	20,291
Contract services	-	17,000	17,123	123
Other local revenues	16,000	18,000	19,404	1,404
Intergovernmental - state	16,991,510	18,785,004	18,785,013	9
Total revenues	28,288,029	30,986,274	31,008,216	21,942
Expenditures:				
Current:				
Instruction:				
Special	837,813	837,813	820,649	17,164
Vocational	16,574,543	17,078,543	16,960,492	118,051
Other	580,479	580,479	580,089	390
Support services:				
Pupil	2,683,694	2,683,694	2,669,919	13,775
Instructional staff	2,605,789	2,780,789	2,818,994	(38,205)
Board of education	81,881	81,881	46,020	35,861
Administration	1,258,554	1,218,554	1,052,784	165,770
Fiscal	698,165	698,165	619,565	78,600
Operations and maintenance	3,062,136	2,916,136	2,558,302	357,834
Central	404,482	416,482	355,720	60,762
Other operation of non-instructional services.	-	20,000	37,504	(17,504)
Extracurricular activities	405,849	405,849	364,661	41,188
Total expenditures	29,193,385	29,718,385	28,884,699	833,686
Excess (deficiency) of revenues over (under) expenditures	(905,356)	1,267,889	2,123,517	855,628
Other financing sources (uses):				
Transfers (out)	(100,000)	(100,000)	-	100,000
Advances in	159,426	159,426	159,426	-
Advances (out)	(150,000)	(150,000)	(155,087)	(5,087)
Total other financing sources (uses)	(90,574)	(90,574)	4,339	94,913
Net change in fund balance	(995,930)	1,177,315	2,127,856	950,541
Fund balance at beginning of year	7,350,858	7,350,858	7,350,858	-
Prior year encumbrances appropriated	643,990	643,990	643,990	-
Fund balance at end of year	$ 6,998,918	$ 9,172,163	$ 10,122,704	$ 950,541

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

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

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

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

	General
Budget basis	$ 2,127,856
Net adjustment for revenue accruals	663,504
Net adjustment for expenditure accruals	(123,498)
Net adjustment for other sources/(uses)	(4,339)
Fund budgeted elsewhere*	984,599
Adjustment for encumbrances	766,463
GAAP basis	$ 4,414,585

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

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Career Center's proportion of the net pension liability	0.10570260%	0.10463160%	0.10173600%	0.10173600%
Career Center's proportionate share of the net pension liability	$ 7,736,455	$ 5,970,381	$ 5,148,801	$ 6,049,913
Career Center's covered-employee payroll	$ 3,280,029	$ 3,149,954	$ 2,956,241	$ 3,830,354
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.87%	189.54%	174.17%	157.95%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

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

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

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Career Center's proportion of the net pension liability	0.13072943%	0.13062996%	0.12818671%	0.12818671%
Career Center's proportionate share of the net pension liability	$ 43,759,081	$ 36,102,300	$ 31,179,444	$ 37,140,750
Career Center's covered-employee payroll	$ 13,808,371	$ 13,789,736	$ 13,097,146	$ 14,650,046
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	316.90%	261.81%	238.06%	253.52%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

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

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

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 415,202	$ 459,204	$ 415,164	$ 409,735
Contributions in relation to the contractually required contribution	(415,202)	(459,204)	(415,164)	(409,735)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 2,965,729	$ 3,280,029	$ 3,149,954	$ 2,956,241
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$ 530,121	$ 350,306	$ 377,538	$ 504,791	$ 333,362	$ 322,352
(530,121)	(350,306)	(377,538)	(504,791)	(333,362)	(322,352)
$ -	$ -	$ -	$ -	$ -	$ -
$ 3,830,354	$ 2,604,506	$ 3,003,484	$ 3,728,146	$ 3,387,825	$ 3,282,607
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 1,950,361	$ 1,933,172	$ 1,930,563	$ 1,702,629
Contributions in relation to the contractually required contribution	(1,950,361)	(1,933,172)	(1,930,563)	(1,702,629)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 13,931,150	$ 13,808,371	$ 13,789,736	$ 13,097,146
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 1,904,506	$ 1,820,698	$ 1,874,464	$ 1,832,757	$ 1,874,678	$ 1,859,260
(1,904,506)	(1,820,698)	(1,874,464)	(1,832,757)	(1,874,678)	(1,859,260)
$ -	$ -	$ -	$ -	$ -	$ -
$ 14,650,046	$ 14,005,369	$ 14,418,954	$ 14,098,131	$ 14,420,600	$ 14,302,000
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

PENTA CAREER CENTER
WOOD COUNTY, OHIO

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

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

SUPPLEMENTARY INFORMATION

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

	FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(H) PASSED THROUGH TO SUBRECEIPIENTS	(B) CASH FEDERAL DISBURSEMENTS
	U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
	Child Nutrition Grant Cluster:				
(D) , (E)	School Breakfast Program	10.553	2017	$ -	$ 56,742
(D) , (E)	National School Lunch Program	10.555	2017	-	222,289
(C) , (D)	National School Lunch Program- Food Donation	10.555	2017	-	45,801
	Total National School Lunch Program			-	268,090
	Total U.S. Department of Agriculture and Child Nutrition Grant Cluster			-	324,832
	U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
	Adult Education_State Grant Program	84.002	2017	137,566	393,813
	Adult Education_State Grant Program	84.002	2016	22,709	36,914
	Total Adult Education_State Grant Program			160,275	430,727
	Career and Technical Education_Basic Grants to States	84.048	2017	-	345,926
	Career and Technical Education_Basic Grants to States	84.048	2016	-	45,137
(F)	Career and Technical Education_Basic Grants to States	84.048	2017	-	10,000
	Total Career and Technical Education _Basic Grants to States			-	401,063
	Improving Teacher Quality State Grants	84.367	2017	-	6,320
	Total Improving Teacher Quality State Grants			-	6,320
	Direct Award				
	Student Financial Aid Cluster:				
	Federal Pell Grant Program	84.063	2017		119,429
	Total Student Financial Aid Cluster			-	119,429
	Total U.S. Department of Education			160,275	957,539
	Total Federal Financial Assistance			$ 160,275	$ 1,282,371

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

(D) Included as part of "Child Nutrition Cluster" in determining major programs

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

(F) This portion of the grant was passed through the Four County Career Center.

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

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

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

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

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

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Penta Career Center, Wood County, Ohio as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Penta Career Center's basic financial statements and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

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

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

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

Governing Board
Penta Career Center

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 20, 2017

Julian & Grube, Inc.
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Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by Uniform Guidance

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

To the Governing Board:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Governing Board
Penta Career Center

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 20, 2017

PENTA CAREER CENTER
WOOD COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Program (listed):*	Adult Education_State Grant Program, CFDA #84.002
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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PENTA CAREER CENTER

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 18, 2018

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