TRI-COUNTY CAREER CENTER
ATHENS COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

TRI-COUNTY CAREER CENTER
ATHENS COUNTY
JUNE 30, 2017

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

INDEPENDENT AUDITOR'S REPORT

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764-9532

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the 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 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 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, the business-type activity, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio, as of June 30, 2017, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund 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* and schedules of net pension liabilities and pension contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Award (the Schedule) 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 was derived 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 this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 January 9, 2018, on our consideration of the 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 Career Center's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

January 9, 2018

This page intentionally left blank.

The discussion and analysis of the Tri-County Career Center's (the "Career Center") financial performance provides an overview and analysis 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 our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Career Center's financial performance.

Financial Highlights

- Total liabilities and deferred inflows of resources of the Career Center exceeded its assets and deferred outflows of resources at June 30, 2017 by $2,499,223. This balance was comprised of $2,945,840 in net investment in capital assets, $334,303 in net position restricted for specific purposes, and a deficit balance of $5,779,366 in unrestricted net position.

- In total, net position of governmental activities increased by $45,265, which represents a 1.99 percent increase from 2016. Net position of the business-type activities increased $336,441, which represents a 55.90 percent increase from 2016.

- General revenues accounted for $7,823,618 or 91.34 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $741,311 or 8.66 percent of total revenues of $8,564,929 for the governmental activities.

- The Career Center had $8,244,664 in expenses related to governmental activities; only $741,311 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of $7,823,618 were used to provide for the remainder of these programs.

- The Career Center had $557,354 in expenses related to business-type activities; 100 percent of these expenses was offset by program specific charges for services and sales, grants and contributions.

- The Career Center recognizes two major governmental funds: the General Fund and Permanent Improvement Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Career Center combined. The General Fund had $8,016,495 in revenues and $6,585,585 in expenditures in fiscal year 2017.

- The Career Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Career Center combined. The Adult Education Fund had $307,513 in operating revenues and $496,087 in operating expenses in fiscal year 2017.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Career Center's basic financial statements. The Career Center's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

Reporting the Career Center as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Career Center's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the Career Center's assets and deferred outlflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the Career Center as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Career Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the Career Center's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the Career Center's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the Career Center's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Career Center's uniform school supplies, rotary and adult education operations are reported as business-type activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

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.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Career Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Career Center can be divided into one of three categories: governmental, proprietary and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the Career Center as a whole.

Fiduciary Funds

The Career Center's only fiduciary fund is an agency fund. We exclude these activities from the Career Center's other financial statements because the Career Center cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

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.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Career Center as a whole, showing assets, liabilities and deferred inflows of resources and the difference between them (net position). Table 1 provides a summary of the Career Center's net position for 2017 compared to fiscal year 2016:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets:						
Current and Other Assets	$7,965,257	$8,132,723	$437,207	$95,941	$8,402,464	$8,228,664
Capital Assets, net	2,868,254	2,378,409	77,586	94,450	2,945,840	2,472,859
Total Assets	10,833,511	10,511,132	514,793	190,391	11,348,304	10,701,523
Deferred Outflows of Resources:						
Pension	2,459,008	1,333,181	172,925	112,445	2,631,933	1,445,626
Total Deferred Outflows of Resources	2,459,008	1,333,181	172,925	112,445	2,631,933	1,445,626
Liabilities:						
Current and Other Liabilities	731,119	738,969	18,102	12,709	749,221	751,678
Long-Term Liabilities:						
Due Within One Year	89,911	102,892	4,859	4,104	94,770	106,996
Due in More Than One Year:						
Net Pension Liability	12,070,993	9,958,251	678,423	837,389	12,749,416	10,795,640
Other Amounts	236,191	239,207	602	1,255	236,793	240,462
Total Liabilities	13,128,214	11,039,319	701,986	855,457	13,830,200	11,894,776
Deferred Inflows of Resources:						
Property Taxes	2,309,218	2,505,906	0	0	2,309,218	2,505,906
Pension	88,923	578,189	251,119	49,207	340,042	627,396
Total Deferred Inflows of Resources	2,398,141	3,084,095	251,119	49,207	2,649,260	3,133,302
Net Position:						
Investment in Capital Assets	2,868,254	2,378,409	77,586	94,450	2,945,840	2,472,859
Restricted	334,303	1,016,207	0	0	334,303	1,016,207
Unrestricted	(5,436,393)	(5,673,717)	(342,973)	(696,278)	(5,779,366)	(6,369,995)
Total Net Position	($2,233,836)	($2,279,101)	($265,387)	($601,828)	($2,499,223)	($2,880,929)

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 Statement No. 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 Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB Statement No. 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 obligation, 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 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 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 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 the employee, because all parties enter the employment exchange with notice as to 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 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 Statement No. 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.

Current and other assets increased $173,800 or 2.11 percent from fiscal year 2016. This increase is mostly the result of an increase in cash and cash equivalents held by the Career Center and property taxes receivables.

Capital assets increased $472,981 or 19.13 percent, primarily, the result of additions to land improvements, and buildings and improvements.

Long term liabilities increased $1,937,881 or 17.39 percent, as a result of an increase in net pension liability.

Current (other) liabilities decreased $2,457 due primarily to a decrease in contracts payable and matured compensated absences payable.

The net position of the Career Center's business-type activities increased $336,441 or 55.90 percent. This change is mostly due to the adult education program.

The Career Center's largest portion of net position is related to amounts net investment in capital assets. The Career Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

The Career Center's smallest portion of net position is unrestricted, and carries a deficit balance of $5,779,366. Unrestricted net position represents resources that may be used to meet the Career Center's ongoing obligations to its students and creditors.

The remaining balance of $334,303 is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2017, and provides a comparison to fiscal year 2016.

Table 2

Changes In Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for Services and Sales	$44,886	$33,619	$365,965	$420,307	$410,851	$453,926
Operating Grants and Contributions	696,425	760,578	250,635	250,636	947,060	1,011,214
General Revenues:						
Property Taxes	3,932,419	3,346,503	0	0	3,932,419	3,346,503
Unrestricted Grants and Entitlements	3,760,068	3,648,207	0	0	3,760,068	3,648,207
Tuition and Fees	90,038	140,649	0	0	90,038	140,649
Investment Earnings	30,243	7,445	0	0	30,243	7,445
Miscellaneous	10,850	20,673	2,195	780	13,045	21,453
Total Revenues	8,564,929	7,957,674	618,795	671,723	9,183,724	8,629,397

(Continued)

Table 2

Changes In Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses:						
Program Expenses:						
Instruction:						
Regular	74,972	43,912	0	0	74,972	43,912
Vocational	4,218,232	3,776,226	0	0	4,218,232	3,776,226
Adult Continuing	153,691	164,855	0	0	153,691	164,855
Support Services:						
Pupils	224,641	197,404	0	0	224,641	197,404
Instructional Staff	306,232	334,788	0	0	306,232	334,788
Board of Education	79,130	123,183	0	0	79,130	123,183
Administration	1,100,342	817,325	0	0	1,100,342	817,325
Fiscal	506,473	450,299	0	0	506,473	450,299
Business	93,016	76,519	0	0	93,016	76,519
Operation and Maintenance of Plant	1,126,097	1,005,803	0	0	1,126,097	1,005,803
Pupil Transportation	7,753	3,996	0	0	7,753	3,996
Central	144,235	147,998	0	0	144,235	147,998
Operation of Non-Instructional Services	201,545	229,559	0	0	201,545	229,559
Extracurricular Activities	8,305	13,842	0	0	8,305	13,842
Adult Education	0	0	496,419	856,394	496,419	856,394
Rotary	0	0	31,327	38,725	31,327	38,725
Uniform School Supplies	0	0	29,608	30,935	29,608	30,935
Virtual Learning Regional Center	0	0	0	146	0	146
Total Expenses	8,244,664	7,385,709	557,354	926,200	8,802,018	8,311,909
Excess Revenues (Expenses) Before Transfers	320,265	571,965	61,441	(254,477)	381,706	317,488
Transfers	(275,000)	(25,000)	275,000	25,000	0	0
Changes in Net Position	45,265	546,965	336,441	(229,477)	381,706	317,488
Net Position at Beginning of Year	(2,279,101)	(2,826,066)	(601,828)	(372,351)	(2,880,929)	(3,198,417)
Net Position at End of Year	($2,233,836)	($2,279,101)	($265,387)	($601,828)	($2,499,223)	($2,880,929)

The most significant program expenses for the Career Center's governmental activities are Vocational Instruction, Operation and Maintenance of Plant, Administration, Fiscal and Instructional Staff. These program expenses account for 88.03 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 51.17 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 13.66 percent of the total, represents costs associated with operating and maintaining the Career Center's facilities. Administration, which accounts for 13.35 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Career Center as a whole. Fiscal, which represents 6.14 percent of the total, represents cost associated with activities concerned with the financial operation of the Career Center. Instructional Staff, which represents 3.71 percent of the total, represents costs associated with assisting the teaching staff with the content and process of educating students.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs account for 89.81 percent of total revenues for governmental activities.

The most significant program expense for the Career Center's business-type activities is Adult Education. This program, which accounts for 89.07 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

Governmental Activities

Over the past several fiscal years, the Career Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Career Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 45.91 percent and intergovernmental revenue made up 52.03 percent of the total revenue for the governmental activities in fiscal year 2017.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 2 mills. The Career Center's effective millage rate is currently at 2.0, while the operating millage rate is currently at 3.30 mills.

The Career Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2017, the Career Center received $3,322,687 through the State's foundation program, which represents 38.79 percent of the total revenue for the governmental activities. The Career Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 53.94 percent of governmental activities program expenses. Support services expenses make up 43.52 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of $616,600 and expenses of $557,354 for fiscal year 2017. Over 59.35 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2017 and a comparison to fiscal year 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

Net Cost of Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program Expenses:				
Governmental Activities:				
Instruction	$4,446,895	$4,071,871	$3,984,993	$3,575,146
Support Services	3,587,919	3,436,602	3,157,315	2,998,309
Operation of Non-Instructional Services	201,545	(13,425)	229,559	4,215
Extracurricular Activities	8,305	8,305	13,842	13,842
Business-Type Activities:				
Adult Education	496,419	(60,587)	856,394	250,226
Rotary	31,327	2,035	38,725	3,799
Uniform School Supplies	29,608	(694)	30,935	1,086
Virtual Learning Regional Center	0	0	146	146
Total Expenses	$8,802,018	$7,444,107	$8,311,909	$6,846,769

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $9,006,134 and expenditures and other financing uses of $8,729,542.

Total governmental funds fund balance increased by $276,592. The increase in fund balance for the year was most significant in the General Fund, which increased $957,595 or 29.56 percent. The increase was the result of revenues exceeding expenditures during 2017.

Budget Highlights - General Fund

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

During the course of the fiscal year, the Career Center amended its General Fund budget several times. The Career Center uses a modified program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

The Career Center prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was $7,450,381 representing an increase of $231,381 from the original budget estimates of $7,219,000. For the General Fund, the final budget basis expenditures were $6,991,337 representing an increase of $40,586 from the original budget estimates of $6,950,751. The final budget basis expenditures reflected a 0.58 percent increase from the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Career Center had $10.3 million invested in capital assets in the governmental activities and $0.4 million in the business-type activities. These totals carry accumulated depreciation of $7.5 million and $0.3 million, respectively. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Nondepreciable Capital Assets:				
Land	$34,308	$34,308	$0	$0
Construction In Progress	300,631	487,050	0	0
Total Nondepreciable Capital Assets	334,939	521,358	0	0
Depreciable Capital Assets:				
Buildings and Improvements	5,173,976	4,994,104	0	0
Land Improvements	473,506	0	0	0
Furniture, Fixtures and Equipment	3,736,517	3,745,680	381,737	392,968
Vehicles	627,301	580,844	0	0
Total Capital Assets	10,346,239	9,841,986	381,737	392,968
Less Accumulated Depreciation:				
Buildings and Improvements	(3,866,306)	(4,046,545)	0	0
Land Improvements	(21,703)	0	0	0
Furniture, Fixtures and Equipment	(3,089,933)	(2,935,010)	(304,151)	(298,518)
Vehicles	(500,043)	(482,022)	0	0
Total Accumulated Depreciation	(7,477,985)	(7,463,577)	(304,151)	(298,518)
Capital Assets, Net	$2,868,254	$2,378,409	$77,586	$94,450

More detailed information pertaining to the Career Center's capital asset activity can be found in the notes to the basic financial statements.

Debt Administration

At June 30, 2017, the Career Center had no general obligation debt outstanding.

Detailed information pertaining to the Career Center's only long-term liability activity can be found in the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, the Career Center is financially stable, and has been over the past several years. Administrators and staff are cognizant of the entity's vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance between the two. Careful financial planning has permitted the Center to provide a quality education for our students.

Tri-County Career Center receives over half of its total General Fund revenue from the Ohio Department of Education. The career-technical education formula was significantly altered by the biennial budget which took effect during the 2017 fiscal period. The bottom-line effect of the formula modification resulted in virtually no net effect on revenue, as the Career Center receives additional revenue for being on the state transitional aid guarantee. In fiscal year 2017, the revenue related to the guarantee was $140,558. Full-time enrollment has remained steady for the past several years.

The five-year forecast projects positive carryover balances in the General Fund for the next five years. This is contingent on the state guarantee remaining in place.

The Career Center's systems of budgeting and internal controls are well regarded. The Career Center's healthy financial reserves will help the Career Center continue to serve its mission. The Career Center's focus on sustainability has resulted in the Career Center maintaining solid finances, while also improving facilities and overall academic achievement.

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 received. If you have any questions about this report or need additional information contact Laura Dukes, CPA, Treasurer of Tri-County Career Center, 15676 State Route 691, Nelsonville, OH 45764.

This Page Intentionally Left Blank

TRI-COUNTY CAREER CENTER

Statement of Net Position

June 30, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	$4,439,819	$425,509	$4,865,328
Property Taxes Receivable	3,389,599	0	3,389,599
Accounts Receivable	1,899	11,698	13,597
Intergovernmental Receivable	108,352	0	108,352
Prepaid Items	2,378	0	2,378
Materials and Supplies Inventory	23,210	0	23,210
Nondepreciable Capital Assets	334,939	0	334,939
Depreciable Capital Assets, Net	2,533,315	77,586	2,610,901
Total Assets	10,833,511	514,793	11,348,304
Deferred Outflows of Resources:			
Pension	2,459,008	172,925	2,631,933
Total Deferred Outflows of Resources	2,459,008	172,925	2,631,933
Liabilities:			
Accounts Payable	13,407	0	13,407
Contracts Payable	9,351	0	9,351
Accrued Wages and Benefits	619,833	17,824	637,657
Matured Compensated Absences Payable	5,057	0	5,057
Intergovernmental Payable	83,471	278	83,749
Long-Term Liabilities:			
Due within One Year	89,911	4,859	94,770
Due in More Than One Year:			
Net Pension Liability	12,070,993	678,423	12,749,416
Other Amounts Due in More Than One Year	236,191	602	236,793
Total Liabilities	13,128,214	701,986	13,830,200
Deferred Inflows of Resources:			
Property Taxes	2,309,218	0	2,309,218
Pension	88,923	251,119	340,042
Total Deferred Inflows of Resources	2,398,141	251,119	2,649,260
Net Position:			
Investment in Capital Assets	2,868,254	77,586	2,945,840
Restricted for:			
Capital Outlay	245,855	0	245,855
Other Purposes	88,448	0	88,448
Unrestricted	(5,436,393)	(342,973)	(5,779,366)
Total Net Position	($2,233,836)	($265,387)	($2,499,223)

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Activities
For the Fiscal Year Ended June 30, 2017

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	$74,972	$0	$53,429
Vocational	4,218,232	0	167,904
Adult/Continuing	153,691	0	153,691
Support Services:			
Pupils	224,641	0	45,821
Instructional Staff	306,232	0	0
Board of Education	79,130	0	0
Administration	1,100,342	0	27,404
Fiscal	506,473	0	0
Business	93,016	0	0
Operation and Maintenance of Plant	1,126,097	0	3,631
Pupil Transportation	7,753	0	0
Central	144,235	0	74,461
Operation of Non-Instructional Services:			
Food Services	201,202	44,886	170,084
Other	343	0	0
Extracurricular Activities	8,305	0	0
Total Governmental Activities	8,244,664	44,886	696,425
Business-Type Activities:			
Adult Education	496,419	306,371	250,635
Rotary	31,327	29,292	0
Uniform School Supplies	29,608	30,302	0
Total Business-Type Activities	557,354	365,965	250,635
Totals	$8,802,018	$410,851	$947,060

General Revenues:
Property Taxes Levied for:
General Purposes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Tuition and Fees
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
($21,543)	$0	($21,543)
(4,050,328)	0	(4,050,328)
0	0	0
(178,820)	0	(178,820)
(306,232)	0	(306,232)
(79,130)	0	(79,130)
(1,072,938)	0	(1,072,938)
(506,473)	0	(506,473)
(93,016)	0	(93,016)
(1,122,466)	0	(1,122,466)
(7,753)	0	(7,753)
(69,774)	0	(69,774)
13,768	0	13,768
(343)	0	(343)
(8,305)	0	(8,305)
(7,503,353)	0	(7,503,353)
0	60,587	60,587
0	(2,035)	(2,035)
0	694	694
0	59,246	59,246
(7,503,353)	59,246	(7,444,107)
3,932,419	0	3,932,419
3,760,068	0	3,760,068
90,038	0	90,038
30,243	0	30,243
10,850	2,195	13,045
7,823,618	2,195	7,825,813
(275,000)	275,000	0
7,548,618	277,195	7,825,813
45,265	336,441	381,706
(2,279,101)	(601,828)	(2,880,929)
($2,233,836)	($265,387)	($2,499,223)

TRI-COUNTY CAREER CENTER
Balance Sheet
Governmental Funds
June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$3,966,783	$255,206	$217,830	$4,439,819
Property Taxes Receivable	3,389,599	0	0	3,389,599
Accounts Receivable	1,899	0	0	1,899
Intergovernmental Receivable	0	0	108,352	108,352
Interfund Receivable	129,709	0	0	129,709
Prepaid Items	2,378	0	0	2,378
Materials and Supplies Inventory	23,210	0	0	23,210
Total Assets	$7,513,578	$255,206	$326,182	$8,094,966
Liabilities:				
Accounts Payable	$0	$0	$13,407	$13,407
Accrued Wages and Benefits	568,768	0	51,065	619,833
Contracts Payable	0	9,351	0	9,351
Intergovernmental Payable	75,933	0	7,538	83,471
Interfund Payable	0	0	129,709	129,709
Matured Compensated Absences Payable	5,057	0	0	5,057
Total Liabilities	649,758	9,351	201,719	860,828
Deferred Inflows of Resources:				
Property Taxes	2,666,719	0	0	2,666,719
Unavailable Revenue	0	0	81,598	81,598
Total Deferred Inflows of Resources	2,666,719	0	81,598	2,748,317
Fund Balances:				
Nonspendable	30,165	0	0	30,165
Restricted	0	0	174,428	174,428
Assigned	95,731	245,855	0	341,586
Unassigned	4,071,205	0	(131,563)	3,939,642
Total Fund Balances	4,197,101	245,855	42,865	4,485,821
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$7,513,578	$255,206	$326,182	$8,094,966

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2017

Total Governmental Funds Balances		$4,485,821
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,868,254
Some of the Career Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	357,501	
Intergovernmental revenue	81,598	
Total receivables that are not reported in the funds		439,099
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated absences		(326,102)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	2,459,008	
Deferred Inflows - Pension	(88,923)	
Net Pension Liability	(12,070,993)	
Total		(9,700,908)
Net Position of Governmental Activities		($2,233,836)

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$4,124,192	$0	$0	$4,124,192
Intergovernmental	3,764,244	0	739,996	4,504,240
Interest	29,181	0	1,062	30,243
Tuition and Fees	90,038	0	0	90,038
Rent	0	0	50	50
Customer Sales and Services	0	0	44,836	44,836
Miscellaneous	8,840	0	2,010	10,850
Total Revenues	8,016,495	0	787,954	8,804,449
Expenditures:				
Current:				
Instruction:				
Regular	0	0	72,494	72,494
Vocational	3,634,927	0	246,143	3,881,070
Adult/Continuing	0	0	153,691	153,691
Support Services:				
Pupils	146,945	0	53,742	200,687
Instructional Staff	301,949	0	0	301,949
Board of Education	76,890	0	0	76,890
Administration	1,025,754	0	0	1,025,754
Fiscal	482,297	0	0	482,297
Business	86,221	0	0	86,221
Operation and Maintenance of Plant	763,991	796,739	26	1,560,756
Pupil Transportation	1,707	65,972	3,697	71,376
Central	57,052	0	88,064	145,116
Operation of Non-Instructional Services	343	0	188,389	188,732
Extracurricular Activities	7,509	0	0	7,509
Total Expenditures	6,585,585	862,711	806,246	8,254,542
Excess of Revenues Over (Under) Expenditures	1,430,910	(862,711)	(18,292)	549,907
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	1,685	0	0	1,685
Transfers In	0	200,000	0	200,000
Transfers Out	(475,000)	0	0	(475,000)
Total Other Financing Sources (Uses)	(473,315)	200,000	0	(273,315)
Net Change in Fund Balances	957,595	(662,711)	(18,292)	276,592
Fund Balances at Beginning of Year	3,239,506	908,566	61,157	4,209,229
Fund Balances at End of Year	$4,197,101	$245,855	$42,865	$4,485,821

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

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		$276,592
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		706,193
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(216,348)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes	(191,773)	
Intergovernmental	(47,747)	
Total receivables not reported in the funds		(239,520)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences		15,997
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred revenues.		583,163
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,080,812)
Change in Net Position of Governmental Activities		$45,265

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$3,420,000	$3,631,204	$3,628,694	($2,510)
Intergovernmental	3,639,000	3,693,323	3,764,244	70,921
Interest	7,000	29,000	29,181	181
Tuition and Fees	138,000	90,000	90,038	38
Miscellaneous	15,000	6,854	7,065	211
Total Revenues	7,219,000	7,450,381	7,519,222	68,841
Expenditures:				
Current:				
Instruction:				
Vocational	3,849,264	3,740,561	3,645,851	94,710
Support Services:				
Pupils	142,670	143,902	142,784	1,118
Instructional Staff	284,266	297,755	289,766	7,989
Board of Education	117,159	119,362	91,196	28,166
Administration	941,160	882,716	989,305	(106,589)
Fiscal	576,242	751,767	458,179	293,588
Business	90,844	106,979	93,101	13,878
Operation and Maintenance of Plant	871,525	861,740	822,529	39,211
Pupil Transportation	2,300	2,356	1,707	649
Central	58,700	67,578	60,363	7,215
Extracurricular Activities	16,621	16,621	8,322	8,299
Total Expenditures	6,950,751	6,991,337	6,603,103	388,234
Excess of Revenues Over (Under) Expenditures	268,249	459,044	916,119	457,075
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	0	1,685	1,685	0
Advances Out	(90,000)	(90,000)	(90,000)	0
Transfers Out	(229,500)	(479,500)	(479,500)	0
Total Other Financing Sources (Uses)	(319,500)	(567,815)	(567,815)	0
Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses	(51,251)	(108,771)	348,304	457,075
Fund Balance at Beginning of Year	3,486,341	3,486,341	3,486,341	0
Prior Year Encumbrances Appropriated	60,839	60,839	60,839	0
Fund Balance at End of Year	$3,495,929	$3,438,409	$3,895,484	$457,075

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Statement of Net Position
Proprietary Funds
June 30, 2017

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	$368,182	$57,327	$425,509
Accounts Receivable	9,302	2,396	11,698
Noncurrent Assets:			
Capital Assets:			
Depreciable Capital Assets, Net	73,085	4,501	77,586
Total Assets	450,569	64,224	514,793
Deferred Outflows of Resources:			
Pension	172,925	0	172,925
Total Deferred Outflows of Resources	172,925	0	172,925
Liabilities:			
Current Liabilities:			
Accrued Wages and Benefits	17,824	0	17,824
Intergovernmental Payable	278	0	278
Noncurrent Liabilities:			
Due Within One Year	4,859	0	4,859
Due in More Than One Year	602	0	602
Net Pension Liability	678,423	0	678,423
Total Liabilities	701,986	0	701,986
Deferred Inflows of Resources:			
Pension	251,119	0	251,119
Total Deferred Inflows of Resources	251,119	0	251,119
Net Position:			
Investment in Capital Assets	73,085	4,501	77,586
Unrestricted	(402,696)	59,723	(342,973)
Total Net Position	($329,611)	$64,224	($265,387)

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues:			
Tuition	$213,633	$0	$213,633
Sales	92,738	30,302	123,040
Charges for Services	0	29,292	29,292
Other Operating Revenues	1,142	1,053	2,195
Total Operating Revenues	307,513	60,647	368,160
Operating Expenses:			
Salaries	238,321	0	238,321
Fringe Benefits	119,011	0	119,011
Purchased Services	21,138	0	21,138
Materials and Supplies	82,934	59,620	142,554
Depreciation	23,402	1,315	24,717
Other Operating Expenses	11,281	0	11,281
Total Operating Expenses	496,087	60,935	557,022
Operating Income (Loss)	(188,574)	(288)	(188,862)
Nonoperating Revenues (Expenses):			
Federal and State Subsidies	250,635	0	250,635
Loss on Sale of Capital Assets	(332)	0	(332)
Total Nonoperating Revenues (Expenses)	250,303	0	250,303
Income (Loss) before Transfers	61,729	(288)	61,441
Transfers In	275,000	0	275,000
Change in Net Position	336,729	(288)	336,441
Net Position at Beginning of Year	(666,340)	64,512	(601,828)
Net Position at End of Year	($329,611)	$64,224	($265,387)

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2017

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Sales and Charges for Services	$92,738	$59,939	$152,677
Cash Received from Tuition	215,700	0	215,700
Other Cash Receipts	1,142	1,053	2,195
Cash Payments to Employees for Services	(232,461)	0	(232,461)
Cash Payments for Employee Benefits	(136,910)	0	(136,910)
Cash Payments to Purchased Services	(21,138)	0	(21,138)
Cash Payments for Goods and Services	(82,934)	(59,620)	(142,554)
Other Cash Payments	(11,281)	0	(11,281)
Net Cash from Operating Activities	(175,144)	1,372	(173,772)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	250,635	0	250,635
Transfers In	275,000	0	275,000
Net Cash from Noncapital Financing Activities	525,635	0	525,635
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(5,415)	(2,770)	(8,185)
Net Cash from Capital and Related Financing Activities	(5,415)	(2,770)	(8,185)
Net Increase (Decrease) in Cash and Cash Equivalents	345,076	(1,398)	343,678
Cash and Cash Equivalents at Beginning of Year	23,106	58,725	81,831
Cash and Cash Equivalents at End of Year	$368,182	$57,327	$425,509
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	($188,574)	($288)	($188,862)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation	23,402	1,315	24,717
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	2,067	345	2,412
Deferred Outflows of Resources	(60,480)	0	(60,480)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accrued Wages and Benefits	5,860	0	5,860
Intergovernmental Payable	(467)	0	(467)
Compensated Absences Payable	102	0	102
Net Pension Liability	(158,966)	0	(158,966)
Deferred Inflows of Resources	201,912	0	201,912
Total Adjustments	13,430	1,660	15,090
Net Cash from Operating Activities	($175,144)	$1,372	($173,772)

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2017

	Agency
Assets:	
Equity in Pooled Cash and Cash Equivalents	$54,542
Total Assets	54,542
Liabilities:	
Due to Students	54,542
Total Liabilities	$54,542

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Tri-County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Career Center includes eight participating District's spread throughout Athens, Hocking and Perry Counties.

The Career Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Career Center. The Board of Education of the Career Center is not directly elected. The Board is made up from members of the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The Career Center has an enrollment of 403 students and is staffed by 28 classified, 47 certified and 5 administrative employees.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the Career Center are not misleading or incomplete. The stand-alone 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, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which 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 organizations' resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the organization; or 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 approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The Career Center is involved with the META Solutions, Southeastern Ohio Special Education Regional Resource Center (SERRC), the Athens County School Employees Health and Welfare Benefit Association, Coalition of Rural and Appalachian Schools, and Ohio Coalition of Equity and Adequacy of School Funding, which are defined as jointly governed organizations. The Career Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Career Center have been prepared in conformity with generally accepted accounting principles (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 more significant of the Career Center's accounting policies are described below.

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net position presents the financial condition of the governmental activities of the Career Center at 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, 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 business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

During the year, the Career Center segregates transactions related to certain 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 and enterprise fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Career Center fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

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

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

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

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

Permanent Improvement Fund - This fund is used to account for financial resources to be used for the acquisition, construction or improvement of capital facilities.

The other governmental funds of the Career Center account for grants and other resources of the Career Center whose use is restricted to a particular purpose.

Proprietary Funds

The focus of proprietary funds is on the determination of the change in net position, financial position and cash flows. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following is the Career Center's only major proprietary fund:

Adult Education Fund - This fund is used to account for transactions made in connection with adult education classes.

The other proprietary funds of the Career Center account for transactions made in connection with tools and supplies provided to and rotary accounts maintained for the vocational education classes.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund which is used to account for student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Career Center are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

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. “Measurable” means the amount of the transaction can be determined and “available” means that the resources are collectible 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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 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 the fiscal year-end: property taxes available for advance, grants, tuition and student fees, and interest.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension are explained in Note 11.

In addition to the liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, unavailable revenue, and for pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow 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 delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 11).

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 the governmental funds.

E. Cash and Cash Equivalents

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 the Career Center records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2017, the Career Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2017.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to $29,181 which includes $5,794 assigned from other Career Center funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents.

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

F. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated and purchased food held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

G. Prepaid Items

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions 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 five hundred dollars. The Career Center does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Estimated Lives
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years

I. Interfund Balances

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

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the Career Center.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Pensions

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

L. Accrued Liabilities and Long-Term Liabilities

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination of benefits and contractually required pension contributions 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 in the current year. Long-term liabilities are recognized as a liability on the fund financial statements when due.

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

M. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Net position restricted for other purposes is primarily for federal and state grants reported in the Special Revenue Funds.

The Career Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Career Center's restricted net position of $334,303, none is restricted by enabling legislation.

N. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

> ***Nonspendable*** – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.
>
> ***Restricted*** – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
>
> ***Committed*** – The committed fund balance category includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Career Center's Board of Education. Those committed amounts cannot be used for any other purpose unless the 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 the 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 or 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 the Career Center's Board of Education.

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

Unassigned – The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Career Center considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Career Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are tuition, classroom fees and charges for services for the adult education program and vocational education classes. Operating expenses are necessary costs incurred to provide the service that is the primary activity of that fund.

P. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one 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 to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

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

R. Budgetary Process

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

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

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

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

NOTE 3 – NEW GASB PRONOUNCEMENTS

For fiscal year 2017, the Career Center implemented GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, 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”, and GASB Statement No. 82, “Pension Issues.” The implementation of GASB Statements Nos. 74, 77, 78, 80 and 82 had no effect on the prior period fund balances of the Career Center.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Career Center is reporting financial position, results of operations, and changes in fund balance 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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 restricted, committed or assigned fund balance (GAAP basis).

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

5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

NOTE 4 - <u>BUDGETARY BASIS OF ACCOUNTING</u> – (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund:

Net Change in Fund Balance	General
GAAP Basis	$957,595
Adjustments:	
Revenue Accruals	(495,648)
Expenditure Accruals	(110,888)
Encumbrances	89,710
Other Sources	(90,000)
Prospective Difference:	
Activity of Funds Reclassified For GAAP Reporting Purposes	(2,465)
Budget Basis	$348,304

NOTE 5 - <u>ACCOUNTABILITY</u>

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

Nonmajor Special Revenue Funds:	
Miscellaneous State Grants	$22,718
Driver's Education Grant	250
Vocational Education Grant	42,083
Miscellaneous Federal Grants	66,512

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6 - <u>CASH, DEPOSITS AND INVESTMENTS</u>

State statutes require the classification of monies held by the Career Center into three categories:

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

NOTE 6 - <u>CASH, DEPOSITS AND INVESTMENTS</u> - (Continued)

Inactive deposits are public deposits that the Board has identified as not required for use within the current two 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 accounts including pass book accounts.

Public depositories must give security for all public funds on deposit. Protection of the Career Center 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.

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

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

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

3. Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of agreement must not exceed thirty days;

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

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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 (STAROhio);

7. Certain bankers' acceptances and commercial paper notes, for a period not to exceed one hundred and eighty days, in an amount not to exceed twenty-five percent of interim moneys available for investment at any time; and

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

NOTE 6 - <u>CASH, DEPOSITS AND INVESTMENTS</u> - (Continued)

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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

<u>Deposits:</u> Custodial credit risk is the risk that, in the event of a bank failure, the Career Center's deposits may not be returned. All deposits are collateralized with eligible securities. 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.

At June 30, 2017, the carrying amount of all the Career Center deposits was $193,792. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2017, none of the Career Center's bank balance of $229,304 was exposed to custodial risk as discussed above, as the entire balance was covered by Federal Deposit Insurance.

<u>Investments:</u> As of June 30, 2017, the Career Center had the following investments and maturities:

Investment Type	Fair Value	6 Months or Less
STAR Ohio	$4,726,078	$4,726,078
Totals	$4,726,078	$4,726,078

<u>Interest Rate Risk:</u> Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Career Center's investment policy limits investment portfolio maturities to five years or less.

<u>Credit Risk:</u> Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor's has assigned STAROhio an "AAAm" money market rating.

<u>Concentration of Credit Risk:</u> Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Career Center's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Career Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Career Center policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Career Center or not.

The classification of cash and cash equivalent on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents on the basic financial statements and the classification of deposits and investments in GASB Statement No. 3 follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	$4,919,870	$0
Investments:		
STAR Ohio	(4,726,078)	4,726,078
GASB Statement No. 3	$193,792	$4,726,078

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located within the Career Center's boundaries. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying percentages of true value (with certain exceptions) and on real property at thirty-five percent of true value.

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
Agricutlteral/Residential and Other Real Estate	$1,383,233,920	89.35%	$1,607,713,450	86.69%
Public Utility Personal	164,885,050	10.65%	246,744,480	13.31%
Total Assessed Value	$1,548,118,970	100.00%	$1,854,457,930	100.00%
Tax Rate per $1,000 of Assessed Valuation	$3.30		$3.30	

NOTE 7 - PROPERTY TAXES – (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The Career Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2017 is available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2017. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Career Center had $722,880 available for advance to the General Fund at June 30, 2017.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

Nonmajor Special Revenue Funds:	
Miscellaneous State Grants	$13,022
Vocational Education	65,518
Title IIA	2,034
Miscellaneous Federal Grants	27,778
Total Nonmajor Special Revenue Funds	108,352
Total Intergovernmental Receivable	$108,352

NOTE 9 - CAPITAL ASSETS

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

Asset Category	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$34,308	$0	$0	$34,308
Construction in Progress	487,050	21,512	(207,931)	300,631
Total Nondepreciable Capital Assets	521,358	21,512	(207,931)	334,939
Depreciable Capital Assets:				
Land Improvements	0	473,506	0	473,506
Buildings and Improvements	4,994,104	179,872	0	5,173,976
Furniture, Fixtures and Equipment	3,745,680	213,556	(222,719)	3,736,517
Vehicles	580,844	65,972	(19,515)	627,301
Total Depreciable Capital Assets	9,320,628	932,906	(242,234)	10,011,300
Total Capital Assets	9,841,986	954,418	(450,165)	10,346,239
Less Accumulated Depreciation:				
Land Improvements	0	(21,703)	0	(21,703)
Buildings and Improvements	(4,046,545)	(32,297)	212,536	(3,866,306)
Furniture, Fixtures and Equipment	(2,935,010)	(176,204)	21,281	(3,089,933)
Vehicles	(482,022)	(18,021)	0	(500,043)
Total Accumulated Depreciation	(7,463,577)	(248,225)	233,817	(7,477,985)
Total Net Capital Assets	$2,378,409	$706,193	($216,348)	$2,868,254

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

Instruction:	
Regular	$1,881
Vocational	129,324
Support Services:	
Pupils	5,183
Instructional Staff	9,121
Board of Education	50
Administration	2,697
Fiscal	1,495
Business	1,394
Operation and Maintenance of Plant	86,301
Pupil Transportation	2,199
Central	685
Operation of Non-Instructional Services	7,895
Total Depreciation Expense	$248,225

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

Asset Category	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Business-Type Activities:				
Depreciable Capital Assets:				
Furniture, Fixtures and Equipment	$392,968	$8,185	($19,416)	$381,737
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(298,518)	(24,717)	19,084	(304,151)
Business-Type Activities Capital Assets, Net	$94,450	($16,532)	($332)	$77,586

NOTE 10 - RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the Career Center contracted with Reed & Baur Insurance Agency Inc. for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2017 are as follows:

Building and Contents-replacement cost ($2,500 deductible)	$32,617,055
Inland Marine Coverage ($500 deductible)	560,090
Automobile Liability ($500 deductible)	2,000,000
Automobile Medical Payments	5,000
Uninsured Motorists ($0 deductible)	1,000,000
General Liability:	
Medical Expense Limit (any one person)	15,000
Fire Damage Limit (any one fire)	300,000
Per Occurrence	2,000,000
Total Per Year	4,000,000
School Leaders Errors and Omissions ($10,000 deductible)	2,000,000
Public Official Bonds:	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond ($1,000 deductible)	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

For fiscal year 2017, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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 workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

*NOTE 11 - **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.

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

GASB Statement No. 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Career Center's contractually required contribution to SERS was $164,724 for fiscal year 2017. Of this amount $0 is reported as an 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 became 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 26 years of service, or 31 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2017, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB Statement No. 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, the employer rate was 14 percent and the plan members were also 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 statutory member contribution rate was increased one percent to 14 percent on July 1, 2016. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was $452,073 for fiscal year 2017. Of this amount $59,901 is reported as an intergovernmental payable.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

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
Proportionate Share of the Net Pension Liability	$2,896,554	$9,852,862	$12,749,416
Proportion of the Net Pension Liability	0.03957540%	0.02943524%	
Pension Expense	$303,128	$793,784	$1,096,912

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	$39,066	$398,102	$437,168
Net Difference between Projected and Actual Investment	238,924	818,054	1,056,978
Change in Assumptions	193,360	0	193,360
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	42,617	285,013	327,630
Career Center Contributions Subsequent to the Measurement Date	164,724	452,073	616,797
Total Deferred Outflows of Resources	$678,691	$1,953,242	$2,631,933
Deferred Inflows of Resources			
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	$38,298	$301,744	$340,042
Total Deferred Inflows of Resources	$38,298	$301,744	$340,042

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

$616,797 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	$121,671	$212,122	$333,793
2019	121,499	212,124	333,623
2020	163,820	526,034	689,854
2021	68,679	249,145	317,824
Total	$475,669	$1,199,425	$1,675,094

Actuarial Assumptions - SERS

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

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

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

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

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

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

The most recent experience study was completed June 30, 2015.

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

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

Discount Rate - The 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	$3,834,857	$2,896,554	$2,111,155

NOTE 11 - 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 %	

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, 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 11 - 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	$13,093,653	$9,852,862	$7,119,064

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

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs. Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

NOTE 12 - POSTEMPLOYMENT BENEFITS – (Continued)

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2017, the health care allocation is 0 percent. An addition health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. 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 minimum compensation level was established at $23,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contributions assigned to health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $0, $6,868 and $9,881, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System

Plan Description – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefits Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefits Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. The Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $0 for each year.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 320 days for teachers, administrators and classified employees. Upon retirement, teachers, administrators and classified employees receive one-fourth of the total sick leave accumulation up to a maximum of eighty (80) days.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term liabilities for governmental activities during fiscal year 2017 were as follows:

	Principal Outstanding at July 1, 2016	Additions	Deletions	Principal Outstanding at June 30, 2017	Amount Due In One Year
Governmental Activities:		`			
Net Pension Liability:					
STRS	$7,833,912	$1,589,362	$0	$9,423,274	$0
SERS	2,124,339	523,380	0	2,647,719	0
Total Net Pension Liability	9,958,251	2,112,742	0	12,070,993	0
Compensated Absences Payable	342,099	169,350	185,347	326,102	89,911
Total Governmental Activities Long-Term Obligations	$10,300,350	$2,282,092	$185,347	$12,397,095	$89,911

The Career Center pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences for governmental activities will be paid from the fund from which the employee is paid.

The changes in the Career Center's long-term liabilities for business-type activities during fiscal year 2017 were as follows:

	Principal Outstanding at July 1, 2016	Additions	Deletions	Principal Outstanding at June 30, 2017	Amount Due In One Year
Business-Type Activities:		`			
Net Pension Liability:					
STRS	$675,991	$0	$246,403	$429,588	$0
SERS	161,398	87,437	0	248,835	0
Total Net Pension Liability	837,389	87,437	246,403	678,423	0
Compensated Absences Payable	5,359	10,860	10,758	5,461	4,859
Total Business-Type Activities Long-Term Obligations	$842,748	$98,297	$257,161	$683,884	$4,859

Compensated absences for business-type activities will be paid from the Adult Education Fund.

NOTE 15– FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaids	$2,378	$0	$0	$2,378
Inventory	23,210	0	0	23,210
Unclaimed Monies	4,577	0	0	4,577
Total Nonspendable	30,165	0	0	30,165
Restricted:				
Special Revenues:				
Food Service	0	0	88,014	88,014
Special Trust	0	0	86,414	86,414
Total Restricted	0	0	174,428	174,428
Assigned:				
Encumbrances:				
Vocational	36,950	0	0	36,950
Board of Education	15,574	0	0	15,574
Administration	255	0	0	255
Fiscal	210	0	0	210
Business	7,400	0	0	7,400
Operation and Maintenance of Plant	29,160	0	0	29,160
Central	161	0	0	161
Public School Support	6,021	0	0	6,021
Permanent Improvement	0	245,855	0	245,855
Total Assigned	95,731	245,855	0	341,586
Unassigned	4,071,205	0	(131,563)	3,939,642
Total Fund Balances	$4,197,101	$245,855	$42,865	$4,485,821

NOTE 16- INTERFUND ACTIVITY

As of June 30, 2017, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	$129,709	$0
Nonmajor Special Revenue Funds:		
Food Service	0	10,000
Miscellaneous State Grants	0	22,960
Driver's Education	0	250
Vocational Education Grant	0	26,499
Miscellaneous Federal Grants	0	70,000
Total Nonmajor Special Revenue Funds	0	129,709
Totals	$129,709	$129,709

The balance of $129,709 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

Transfers From	Permanent Improvement	Adult Education	Total
General	$200,000	$275,000	$475,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS

Meta Solutions

META Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. META Solutions develops, implements, and supports the technology and instructional needs of member districts including financial accounting services, educational management information services, and cooperative purchasing services. META Solutions membership consists of 152 public schools, 11 educational service centers, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member district pays an annual fee for services provided by META Solutions. META Solutions is governed by an 11-member board of directors made up of Superintendents and School Business. Officials selected from the 178 member public school districts. The board of directors controls the budget and finances of META Solutions. The continued existence of META Solutions is not dependent on the Career Center's continued participation and no equity interest exists. Financial statements for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The Career Center made payments of $41,339 to META Solutions for fiscal year 2017.

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Career Center's Superintendent is on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 39105 Bradbury Road, Middleport, Ohio 45760.

Athens County School Employees Health and Welfare Benefit Association

The Career Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS- (Continued)

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fifteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various inservice for school district administrative personnel; gathers of data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Council. The Career Center made no significant payments for membership in fiscal year 2017.

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionally of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues of $0.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of $0.50 per pupil for K-12 districts and educational service centers pay dues of $0.05 per pupil. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2017, the Career Center paid $207 to the Coalition. To obtain financial information write to Ohio Coalition of Equity and Adequacy of Scool Funding at 100 South Third Steet, Columbus, Ohio 43215.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19- CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2017, if applicable, cannot be determined at this time.

B. Litigation

The Career Center is involved in no pending litigation that would have a material effect on the financial condition of the Career Center.

C. School Foundation

School 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 20 - STATUTORY SET-ASIDES

The following changes occurred in the Career Center's set-aside reserve account during fiscal year 2017:

	Capital Improvements
Set-Aside Balance as of July 1, 2016	$0
Current Year Set-Aside Requirement	74,945
Qualifying Disbursements	(908,667)
Total	($833,722)
Set-Aside Balance as of June 30, 2017	$0
Total Restricted Assets	$0

Although the Career Center had qualifying disbursements during the year that reduced the set-aside amount to below zero for the capital improvement set-asides, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

NOTE 21 – ENCUMBRANCE COMMITMENTS

At June 30, 2017, the Career Center had encumbrance commitments in the Governmental Funds as follows:

Major Fund	
General	$89,710
Permanent Improvement	72,185
Nonmajor Funds	
Miscellaneous State Grants	11,176
Vocational Education	39,019
Miscellaneous Federal Grants	41,972
Total Nonmajor Funds	92,167
Total Encumbrances	$254,062

NOTE 22 – CONTRACTUAL COMMITMENTS

As of June 30, 2017, the Career Center had contractual purchase commitments for various projects related to the Career Center's renovations and new construction. The amount for each project is as follows.

Contractor	Trade	Contract Amounts	Amounts Paid as of June 30, 2017	Amounts Remaining on Contracts
Perry Pro Tech, Inc.	Smith-Parkins Entry and Connector to Porter Building	$6,703	$6,296	$407
Spohn Associates, Inc.	Smith-Parkins Entry and Connector to Porter Building	448,102	412,253	35,849
BDTAID	Summer 2016 Projects	65,216	52,603	12,613
Hocking College	Lilac Trees	2,186	0	2,186
Drummond Construction	Exterior Sign & Fashion Storefront	1,804	0	1,804
Hedges Carpet Barn	Porter Main Office - Flooring	19,326	9,351	9,975
Total		$543,337	$480,503	$62,834

TRI-COUNTY CAREER CENTER

Schedule of the Career Center's Proportionate Share of Net Pension Liablity

Last Four Fiscal Years (1)

	2016	2015	2014	2013
School Employees Retirement System of Ohio				
Career Center's Proportion of the Net Pension Liability	0.03957540%	0.04005780%	0.03936200%	0.03936200%
Career Center's Proportionate Share of the Net Pension Liability	$2,896,554	$2,285,737	$1,992,088	$2,340,732
Career Center's Covered-Employee Payroll	$1,228,964	$1,204,939	$1,362,468	$1,363,273
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	235.69%	189.70%	146.21%	171.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%
State Teachers Retirement System of Ohio				
Career Center's Proportion of the Net Pension Liability	0.02943524%	0.03079162%	0.02913008%	0.02913008%
Career Center's Proportionate Share of the Net Pension Liability	$9,852,862	$8,509,903	$7,085,444	$8,440,134
Career Center's Covered-Employee Payroll	$3,151,107	$3,191,050	$3,657,077	$3,541,500
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	312.68%	266.68%	193.75%	238.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

Changes in Assumptions : For fiscal year 2017, SERS reported changes of assumptions which included a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

TRI-COUNTY CAREER CENTER

Schedule of the Career Center Contributions
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
School Employees Retirement System of Ohio					
Contractually Required Contributions	$164,724	$172,055	$158,811	$188,838	$188,677
Contributions in Relation to the Contractually Required Contributions	(164,724)	(172,055)	(158,811)	(188,838)	(188,677)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Career Center Covered-Employee Payroll	$1,176,600	$1,228,964	$1,204,939	$1,362,468	$1,363,273
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%
State Teachers Retirement System of Ohio					
Contractually Required Contributions	$452,073	$441,155	$446,747	$475,420	$460,395
Contributions in Relation to the Contractually Required Contributions	(452,073)	(441,155)	(446,747)	(475,420)	(460,395)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
Career Center Covered-Employee Payroll	$3,229,093	$3,151,107	$3,191,050	$3,657,077	$3,541,500
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

Changes in Assumptions : For fiscal year 2017, SERS reported changes of assumptions which included a reduction in the discount rate from 7.75 percent to 7.50 percent, a decrease of wage inflation from 3.25 percent to 3.00 percent, a reduction in investment rate of return from 7.75 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Blue Collar Mortality Table for the purpose of developing mortality rates.

2012	2011	2010	2009	2008
$187,890	$178,920	$187,233	$135,525	$132,123
(187,890)	(178,920)	(187,233)	(135,525)	(132,123)
$0	$0	$0	$0	$0
$1,396,952	$1,423,389	$1,382,814	$1,377,287	$1,345,448
13.45%	12.57%	13.54%	9.84%	9.82%
$520,838	$555,124	$457,839	$458,366	$555,297
(520,838)	(555,124)	(457,839)	(458,366)	(555,297)
$0	$0	$0	$0	$0
$4,006,446	$4,270,185	$3,521,838	$3,525,892	$4,271,515
13.00%	13.00%	13.00%	13.00%	13.00%

This page intentionally left blank.

TRI-COUNTY CAREER CENTER
ATHENS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	$14,202
Cash Assistance:			
School Breakfast Program	10.553	051607-05PU-2017	55,853
National School Lunch Program	10.555	051607-LLP4-2017	116,955
Cash Assistance Subtotal			172,808
Total Child Nutrition Cluster			187,010
Total U.S. Department of Agriculture			187,010
APPALACHIAN REGIONAL COMMISSION			
Passed Through Hocking College:			
Appalachian Area Development	23.002	N/A	53,105
Total Appalachian Regional Commission			53,105
U.S. DEPARTMENT OF EDUCATION			
Direct from Federal Government			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	N/A	21,556
		N/A	132,135
Total Student Financial Aid Cluster			153,691
Small, Rural School Achievement Program	84.358A	N/A	19,389
		N/A	19,470
Total Small, Rural School Achievement Program			38,859
Passed Through Ohio Department of Education			
Career and Technical Education - Basic Grants to States	84.048	051607-20C1-2016	59,060
		051607-20C1-2017	276,537
Total Career and Technical Education - Basic Grants to States			335,597
Supporting Effective Instruction State Grant	84.367	051607-TRS1-2017	1,238
Total U.S. Department of Education			529,385
Total Expenditures of Federal Awards			**$769,500**

The accompanying notes are an integral part of this Schedule.

TRI-COUNTY CAREER CENTER
ATHENS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

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

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764-9532

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements, and have issued our report thereon dated January 9, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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.

Compliance and Other Matters

As part of reasonably assuring whether the 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*.

53 Johnson Road, The Plains, Ohio 45780-1231
Phone: 740-594-3300 or 800-441-1389 Fax: 740-594-2110
www.ohioauditor.gov

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 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 Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

January 9, 2018

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

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764-9532

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited the Tri-County Career Center, Athens County, Ohio (the Career Center), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Career Center's major federal programs for the year ended June 30, 2017. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the Career Center's major federal programs.

Management's Responsibility

The 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 Career Center's compliance for each of the Career Center's major federal programs 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 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 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 Career Center's major programs. However, our audit does not provide a legal determination of the Career Center's compliance.

Opinion on each Major Federal Program

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

Report on Internal Control Over Compliance

The 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 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 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.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

January 9, 2018

TRI-COUNTY CAREER CENTER
ATHENS COUNTY

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 weakness conditions 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 weakness conditions reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs:** • Career and Technical Education – Basic Grants to States – CFDA # 84.048 • Federal Pell Grant Program (PELL) – CFDA # 84.063	
(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?**	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

TRI-COUNTY CAREER CENTER

ATHENS 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 23, 2018

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov