MAPLEWOOD CAREER CENTER
PORTAGE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2019-2018

OHIO AUDITOR OF STATE
KEITH FABER

MAPLEWOOD CAREER CENTER
PORTAGE COUNTY
JUNE 30, 2019 AND 2018

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INDEPENDENT AUDITOR'S REPORT

Maplewood Career Center
Portage County
7075 State Route 88
Ravenna, Ohio 44266

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio (the Center), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio, as of June 30, 2019 and 2018, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. We did not modify our opinion regarding this matter.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2019, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State

Columbus, Ohio

December 6, 2019

It is a privilege to present to you the financial picture of the Maplewood Career Center. This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for the 2019 fiscal year are as follows:

- Certified, classified, and administrative staffs received a 2.5 percent salary increase in fiscal year 2019.
- Projects for fiscal year 2019 included the installation of carpeting in two conference rooms and the cafeteria, the renovation of the early childhood education playground, and the sealcoating and striping of portions of the parking lot.
- Annually, the Center reviews the needs of the programs and purchases equipment. Significant purchases for fiscal year 2019 were a fork lift for the power equipment mechanics program, a tire aligner, scissor rack, tire changer, and tire balancer for the auto service program, and three vertical milling machines for the applied engineering and machining program.
- The Center continues to research new programming options, but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education.
- Renovations to be completed over the summer of 2019 include the information technology laboratory, the robotics laboratory, the MapleLeaf restaurant, and the resource center. Bullet-proof glass is being installed in the front windows. The interior brick is being resurfaced and updated.

Using this Financial Report

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-57 of this report.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental fund begins on page 10. Fund financial reports provide detailed information about the Center's major fund. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant fund. The Center's only major governmental fund is the general fund.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Center's programs. These funds use the accrual basis of accounting.

The Center as a Whole

You may recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a comparison of the Center's net position for fiscal year 2019 compared to 2018:

Table 1
Net Position

	Governmental Activities		
	2019	2018	Change
Assets			
Current and Other Assets	$38,254,842	$35,951,456	$2,303,386
Net OPEB Asset	661,585	0	661,585
Capital Assets, Net	11,017,810	12,064,572	(1,046,762)
Total Assets	49,934,237	48,016,028	1,918,209
Deferred Outflows of Resources			
Pension	3,029,109	3,923,711	(894,602)
OPEB	138,443	141,909	(3,466)
Total Deferred Outflows of Resources	3,167,552	4,065,620	(898,068)
Liabilities			
Current Liabilities	1,230,578	937,388	(293,190)
Long-Term Liabilities:			
Due Within One Year	73,578	74,474	896
Due in More Than One Year:			
Net Pension Liability	11,707,514	12,878,435	1,170,921
Net OPEB Liability	1,241,264	2,881,733	1,640,469
Other Amounts	1,102,530	1,072,997	(29,533)
Total Liabilities	15,355,464	17,845,027	2,489,563
Deferred Inflows of Resources			
Property Taxes	5,474,668	5,286,574	(188,094)
Pension	1,146,471	825,930	(320,541)
OPEB	1,241,156	362,243	(878,913)
Total Deferred Inflows of Resources	7,862,295	6,474,747	(1,387,548)
Net Position			
Net Investment in Capital Assets	10,776,400	12,064,572	(1,288,172)
Restricted	42,519	44,398	(1,879)
Unrestricted	19,065,111	15,652,904	3,412,207
Total Net Position	$29,884,030	$27,761,874	$2,122,156

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2019. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position, primarily unrestricted net position. The increase in net position is mainly related to the decrease in long-term liabilities, primarily the net pension liability and the net OPEB liability, as well as an increase in current and other assets.

The net pension liability and net OPEB liability decreases represent the Center's proportionate share of the unfunded benefits of the SERS and STRS pension and OPEB plans. As indicated previously, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

Current and other assets increased mainly due to an increase in cash. Cash increased primarily due to a decrease in cash basis capital outlay expenditures and increases in interest and miscellaneous revenues.

Table 2 shows the changes in net position for fiscal year 2019 compared to fiscal year 2018.

Table 2
Change in Net Position
Governmental Activities

	2019	2018	Change
Revenues			
Program Revenues			
Charges for Services	$785,194	$778,904	$6,290
Operating Grants, Contributions, and Interest	1,471,838	1,663,825	(191,987)
Total Program Revenues	2,257,032	2,442,729	(185,697)
General Revenues			
Property Taxes	6,601,083	6,871,654	(270,571)
Grants and Entitlements	4,809,041	4,645,252	163,789
Unrestricted Contributions	1,248	999	249
Investment Earnings	898,519	336,842	561,677
Gain on Sale of Capital Assets			0
Miscellaneous	325,668	75,177	250,491
Total General Revenues	12,635,559	11,929,924	705,635
Total Revenues	14,892,591	14,372,653	519,938
Program Expenses			
Instruction:			
Regular	1,094,969	553,196	(541,773)
Vocational	5,572,864	3,319,150	(2,253,714)
Adult/Continuing	251,571	74,051	(177,520)
Support Services:			
Pupil	1,131,140	518,013	(613,127)
Instructional Staff	551,283	308,402	(242,881)
Board of Education	97,228	138,359	41,131
Administration	870,852	597,877	(272,975)
Fiscal	614,649	577,639	(37,010)
Business	325,535	277,944	(47,591)
Operation and Maintenance of Plant	1,503,813	1,330,752	(173,061)
Pupil Transportation	19,095	20,695	1,600
Central	360,213	315,939	(44,274)
Operation of Non-Instructional Services	49,809	52,787	2,978
Operation of Food Services	301,243	296,356	(4,887)
Extracurricular Activities	26,171	26,550	379
Total Program Expenses	12,770,435	8,407,710	(4,362,725)
Change in Net Position	2,122,156	5,964,943	(3,842,787)
Net Position Beginning of Year	27,761,874	21,796,931	5,964,943
Net Position End of Year	$29,884,030	$27,761,874	$2,122,156

Governmental Activities

Net position of the Center's governmental activities increased in fiscal year 2019 despite the large increase in program expenses, which was seen in most functions. The smaller increase in revenues helped offset the increase in program expenses. The increase in pension expense was the main cause of the significant increase in fiscal year 2019 program expenses. For the prior fiscal year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost-of-living adjustments (COLA). As a result of these changes, pension expense decreased from $1,314,642 in fiscal year 2017 to a negative pension expense of $4,098,542 for fiscal year 2018. Pension expense for fiscal year 2019 was $919,115, which was closer to the fiscal year 2017 pension expense amount. A decrease of $954,715 in OPEB expense partly offset the increase in pension expense.

Besides the changes related to pension and OPEB expenses, vocational instruction expenses increased primarily due to increases in salaries and benefits costs due to the increase in base salaries. Operation and maintenance of plant expenses increased mainly due to increases in purchased services and materials and supplies expenses related to the care and upkeep of buildings.

The increase in revenues was primarily due to the increase in investment earnings, which was due to higher interest rates, higher cash balances, and increases in the fair value of investments. Miscellaneous revenues also increased due to the receipt of a real estate reappraisal distribution from the County Auditor.

The primary sources of revenue for the Center are derived from property taxes and grants and entitlements revenue. These two revenue sources represent a majority of the total revenue. Property taxes, alone, represent close to half of total revenues. The remaining revenue is from program revenues, donations, investment earnings, and miscellaneous local sources.

A State law, enacted in 1976, does not allow for tax revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 4 mills. The reduced or effective millage in fiscal year 2019 was 2.820015 mills for Residential/Agricultural property and 3.336586 mills for Commercial/Industrial property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Table 3

Year Ending	Portage County	Summit County	Total Valuation	Growth Rate
2019	$2,528,785,580	$60,214,600	$2,589,000,180	8.51 %
2018	2,325,824,500	60,051,030	2,385,875,530	2.05
2017	2,281,276,630	56,628,760	2,337,905,390	1.25
2016	2,252,618,385	56,343,540	2,308,961,925	2.72
2015	2,190,879,120	56,869,740	2,247,748,860	0.44
2014	2,181,580,620	56,230,880	2,237,811,500	1.21
2013	2,154,881,120	56,190,650	2,211,071,770	(3.76)
2012	2,241,339,510	56,110,980	2,297,450,490	(0.62)
2011	2,249,316,830	62,353,560	2,311,670,390	0.11
2010	2,247,875,525	61,166,880	2,309,042,405	(2.20)

Although the amount of State funding per pupil has risen slightly over the past several years, the Center has not received this increase due in part to the funding formula called transitional aid guarantee. Being on the transitional aid guarantee means that the Center is guaranteed not to go below a certain amount of Foundation funding and thus the number of pupils and funding per pupil is no longer impacting the funding equation. House Bill 49, the State's biennial budget for fiscal years 2018 and 2019, included a reduction in the transitional aid guarantee for school districts that lost more than five percent of their enrollment from fiscal year 2014 to fiscal year 2016. The Center had less than a five percent loss. The per pupil funding amount was $6,010 for fiscal year 2018 and $6,020 for fiscal year 2019. Career Technical Educational Funding is part of restricted funding and is calculated outside the transitional guarantee. This will account for some fluctuations in State funding depending on enrollment of students in the various programs offered.

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

Table 4
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program Expenses				
Instruction:				
Regular	$1,094,969	$1,013,100	$553,196	$411,046
Vocational	5,572,864	4,398,294	3,319,150	2,076,275
Adult/Continuing	251,571	(2,215)	74,051	(214,083)
Support Services:				
Pupil	1,131,140	985,639	518,013	361,493
Instructional Staff	551,283	530,926	308,402	286,825
Board of Education	97,228	94,580	138,359	134,471
Administration	870,852	717,087	597,877	396,505
Fiscal	614,649	584,243	577,639	545,568
Business	325,535	316,525	277,944	269,136
Operation and Maintenance of Plant	1,503,813	1,453,591	1,330,752	1,286,631
Pupil Transportation	19,095	18,944	20,695	20,518
Central	360,213	343,789	315,939	301,899
Operation of Non-Instructional Services	49,809	49,809	52,787	52,787
Operation of Food Services	301,243	1,565	296,356	21,127
Extracurricular Activities	26,171	7,526	26,550	14,783
Total	$12,770,435	$10,513,403	$8,407,710	$5,964,981

As one can see, the reliance upon local tax revenues for the governmental activities is crucial. Fiscal year 2019 program revenues covered only a small portion of program expenses overall, while the majority of program expenses are supported through tax revenues and other general revenues. Grants and entitlements not restricted to specific programs support a smaller portion than tax revenues, but still support a significant portion of program expenses. Program revenues, unrestricted contributions, investment earnings and other miscellaneous types of revenues support the remaining activity costs. In fiscal year 2019, however, revenues exceeded expenses, resulting in an increase in net position.

The Center's Funds

The Center's governmental funds, as presented on the balance sheet on page 16, reported a combined fund balance increase from fiscal year 2019, due to an increase in revenues, primarily interest and miscellaneous revenues, and a decrease in expenditures, mainly capital outlay.

General Fund

The general fund balance increased in fiscal year 2019. The increase in fund balance can be attributed to an increase in revenues and a decrease in expenditures, primarily capital outlay expenditures. Interest revenues increased due to higher interest rates, higher cash balances, and increases in the fair value of investments. Miscellaneous revenues increased primarily due to a distribution from the County Auditor related to the actual tax year 2018 property value reappraisal cost coming in under the amount of fees collected over the last several years.

Budgeting Highlights

The Center's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In fiscal year 2019, all funds were appropriated at the fund level.

In fiscal year 2019, the Center adopted its appropriations prior to October 1, 2018, and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues, including other financing sources, were a little higher than the original estimate. Total actual revenues were more than final estimated revenues mainly due to higher than expected intergovernmental, interest, tuition and fees, and miscellaneous revenues.

General fund final appropriations, including other financing uses, were slightly higher than the original appropriations. The largest functions for final general fund appropriations included instruction, pupil and operation and maintenance of plant support services, and capital outlay. Final appropriations exceeded actual expenditures, mainly due to the Center appropriating for anticipated projects and by fiscal year end not all of the projects had been started or completed, and also from salaries and benefits coming in lower than original predictions due to staff turnover.

Capital Assets and Debt Administration

Capital Assets

Capital assets net of depreciation decreased from fiscal year 2018. Some of the capital asset additions for fiscal year 2019 included the renovation of the early childhood education playground, carpet installation, a fork lift for the power equipment mechanics program, a tire aligner, scissor rack, tire changer, and tire balancer for the auto service program, and three vertical milling machines for the applied engineering and machining program. Construction in progress at fiscal year end included interior renovations.

The Center's capitalization threshold for capital assets was set at $5,000. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt Administration

At June 30, 2019, the Center had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and for the Center's net pension liability and net OPEB liability. For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The vision of the Maplewood Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, the Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

The mission of the Center is to prepare all students to meet, to the best of their abilities, the career/technical, academic, social, cultural, current and future needs of the community. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics and meet their obligations as citizens in a democratic and global society.

Keeping current is an ongoing challenge for the Center, where success is measured by graduate employment. As part of the Center's mission to provide relevant career technical programs that meet the needs of its students and its communities, medical and dental assisting were added at the beginning of fiscal year 2009, because those two fields were among the fastest growing career fields in the region. Also, at the beginning of fiscal year 2009, additional opportunities were added for students selecting auto service technology and cosmetology, doubling their capacity, since these programs have always been quickly filled. A new program titled Building and Property Maintenance was added, as well. These programs were fully operational with both juniors and seniors in fiscal year 2010. Unfortunately, the Building and Property Maintenance program was eliminated due to low enrollment at the end of the 2012 fiscal year. The previous Horticulture laboratory was renovated into an Animal Science laboratory over the summer of 2014. Animal Science was added in the fall of 2014 for juniors and was offered to both juniors and seniors in fiscal year 2016. The Administrative and Medical Terminology program was closed at the end of the 2014 year and the Computer Aided Engineering program was closed at the end of the 2015 fiscal year. The Center continues to research new programming options but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education. The Center will continue to assess the needs of the students and communities and make changes and additions to programs in the future.

The adult education program assists individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, keep abreast of technological developments, and to develop competencies in areas of need and workforce development and personal interest. The job training and re-training needs of area adults are important concerns to the Center's adult education department. The Center offers Welding Technologies as a long-term adult education training program. It is a program most requested by area employers. The program is affordable, in depth, and most importantly, graduates are certified and ready to step into a job. In the summer and fall of 2015, the Center worked with area manufacturing businesses to start an Industrial Maintenance program. The program includes modules for electrical, fluid power, and mechanical. Area manufacturing businesses send employees to take the classes and receive certifications. The classes are also open to individuals. The Center continues to work with area manufacturing businesses to create training programs that meet their individual needs.

In order to meet the goals mentioned previously, it is imperative that the Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years. The Center has achieved a large measure of financial stability and forecasts a continuation of that stability throughout the five years of the required forecast period prior to a levy renewal or replacement being requested of its voters. Administrators and staff are cognizant of the vulnerability of this stability, and the Board of Education and Administration continue to closely monitor both revenues and expenses. The Board of Education and Administration plan to maintain the current facility indefinitely and as a result must upgrade and maintain the facility in a manner distinctly different from many traditional school districts that are building or planning to build new facilities.

Contacting the Center's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Seckman, Treasurer, Maplewood Career Center, 7075 State Route 88, Ravenna, Ohio 44266. You may also contact the Treasurer by phone at (330) 296-2892, extension 551005, or by e-mail at seckmanmi@mwood.cc.

Basic Financial Statements

Maplewood Career Center

Statement of Net Position
June 30, 2019

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$30,984,838
Accounts Receivable	258
Intergovernmental Receivable	76,374
Accrued Interest Receivable	69,632
Prepaid Items	54,695
Materials and Supplies Inventory	1,212
Inventory Held for Resale	12,154
Property Taxes Receivable	7,038,879
Assets Held for Resale	16,800
Net OPEB Asset	661,585
Nondepreciable Capital Assets	309,558
Depreciable Capital Assets, Net	10,708,252
Total Assets	49,934,237
Deferred Outflows of Resources	
Pension	3,029,109
OPEB	138,443
Total Deferred Outflows of Resources	3,167,552
Liabilities	
Accounts Payable	135,091
Contracts Payable	155,441
Accrued Wages and Benefits Payable	728,332
Vacation Benefits Payable	67,701
Intergovernmental Payable	130,496
Retainage Payable	13,517
Long-Term Liabilities:	
Due Within One Year	73,578
Due in More Than One Year:	
Net Pension Liability (See Note 13)	11,707,514
Net OPEB Liability (See Note 14)	1,241,264
Other Amounts Due in More Than One Year	1,102,530
Total Liabilities	15,355,464
Deferred Inflows of Resources	
Property Taxes	5,474,668
Pension	1,146,471
OPEB	1,241,156
Total Deferred Inflows of Resources	7,862,295
Net Position	
Net Investment in Capital Assets	10,776,400
Restricted for:	
Vocational Education	16,394
Summer School	12,584
Food Service Operations	13,541
Unrestricted	19,065,111
Total Net Position	$29,884,030

See accompanying notes to the basic financial statements

Maplewood Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$1,094,969	$32,237	$49,632	($1,013,100)
Vocational	5,572,864	307,791	866,779	(4,398,294)
Adult/Continuing	251,571	61,736	192,050	2,215
Support Services:				
Pupil	1,131,140	34,004	111,497	(985,639)
Instructional Staff	551,283	17,184	3,173	(530,926)
Board of Education	97,228	2,648	0	(94,580)
Administration	870,852	99,457	54,308	(717,087)
Fiscal	614,649	16,530	13,876	(584,243)
Business	325,535	9,010	0	(316,525)
Operation and Maintenance of Plant	1,503,813	40,628	9,594	(1,453,591)
Pupil Transportation	19,095	151	0	(18,944)
Central	360,213	13,961	2,463	(343,789)
Operation of Non-Instructional Services	49,809	0	0	(49,809)
Operation of Food Services	301,243	131,212	168,466	(1,565)
Extracurricular Activities	26,171	18,645	0	(7,526)
Total	$12,770,435	$785,194	$1,471,838	(10,513,403)

General Revenues	
Property Taxes Levied for General Purposes	6,601,083
Grants and Entitlements not Restricted to Specific Programs	4,809,041
Unrestricted Contributions	1,248
Investment Earnings	898,519
Miscellaneous	325,668
Total General Revenues	12,635,559
Change in Net Position	2,122,156
Net Position Beginning of Year	27,761,874
Net Position End of Year	$29,884,030

See accompanying notes to the basic financial statements

Maplewood Career Center

Balance Sheet

Governmental Funds

June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$30,570,376	$191,100	$30,761,476
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	223,362	0	223,362
Accounts Receivable	198	60	258
Interfund Receivable	397,632	0	397,632
Accrued Interest Receivable	69,632	0	69,632
Intergovernmental Receivable	11,620	64,754	76,374
Prepaid Items	54,323	372	54,695
Materials and Supplies Inventory	0	1,212	1,212
Inventory Held for Resale	0	12,154	12,154
Property Taxes Receivable	7,038,879	0	7,038,879
Assets Held for Resale	16,800	0	16,800
Total Assets	$38,382,822	$269,652	$38,652,474
Liabilities			
Accounts Payable	$125,483	$9,608	$135,091
Contracts Payable	155,441	0	155,441
Accrued Wages and Benefits Payable	677,142	51,190	728,332
Intergovernmental Payable	112,073	18,423	130,496
Retainage Payable	13,517	0	13,517
Interfund Payable	0	397,632	397,632
Total Liabilities	1,083,656	476,853	1,560,509
Deferred Inflows of Resources			
Property Taxes	5,474,668	0	5,474,668
Unavailable Revenue	236,035	42,126	278,161
Total Deferred Inflows of Resources	5,710,703	42,126	5,752,829
Fund Balances			
Nonspendable	71,123	1,584	72,707
Restricted	12,584	16,842	29,426
Committed	1,234,545	0	1,234,545
Assigned	4,679,422	0	4,679,422
Unassigned (Deficit)	25,590,789	(267,753)	25,323,036
Total Fund Balances (Deficit)	31,588,463	(249,327)	31,339,136
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$38,382,822	$269,652	$38,652,474

See accompanying notes to the basic financial statements

Maplewood Career Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2019

Total Governmental Funds Balances		$31,339,136
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.		11,017,810
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	224,415	
Intergovernmental	41,448	
Miscellaneous	12,298	
Total		278,161
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(67,701)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		(1,176,108)
The net OPEB asset and net pension/OPEB liability are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	661,585	
Deferred Outflows - Pension	3,029,109	
Deferred Outflows - OPEB	138,443	
Net Pension Liability	(11,707,514)	
Net OPEB Liability	(1,241,264)	
Deferred Inflows - Pension	(1,146,471)	
Deferred Inflows - OPEB	(1,241,156)	
Total		(11,507,268)
Net Position of Governmental Activities		$29,884,030

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2019

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$6,669,755	$0	$6,669,755
Intergovernmental	5,494,764	780,376	6,275,140
Interest	898,519	351	898,870
Tuition and Fees	369,331	133,736	503,067
Rentals	17,923	0	17,923
Contributions and Donations	1,248	0	1,248
Charges for Services	132,992	131,212	264,204
Miscellaneous	305,717	7,653	313,370
Total Revenues	13,890,249	1,053,328	14,943,577
Expenditures			
Current:			
Instruction:			
Regular	1,127,692	49,632	1,177,324
Vocational	4,470,859	188,326	4,659,185
Adult/Continuing	12,831	286,831	299,662
Support Services:			
Pupil	1,161,627	115,672	1,277,299
Instructional Staff	620,679	3,203	623,882
Board of Education	95,974	0	95,974
Administration	771,362	207,587	978,949
Fiscal	609,769	14,007	623,776
Business	327,898	0	327,898
Operation and Maintenance of Plant	1,465,619	9,646	1,475,265
Pupil Transportation	5,482	0	5,482
Central	347,724	10,540	358,264
Operation of Non-Instructional Services	24,960	0	24,960
Operation of Food Services	0	290,134	290,134
Extracurricular Activities	26,171	0	26,171
Capital Outlay	831,178	0	831,178
Total Expenditures	11,899,825	1,175,578	13,075,403
Net Change in Fund Balances	1,990,424	(122,250)	1,868,174
Fund Balances (Deficit) Beginning of Year	29,598,039	(127,077)	29,470,962
Fund Balances (Deficit) End of Year	$31,588,463	($249,327)	$31,339,136

See accompanying notes to the basic financial statements

Maplewood 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, 2019

Net Change in Fund Balances - Total Governmental Funds		$1,868,174
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 depreciation exceeded capital outlay in the current period:		
Capital Outlay	755,323	
Depreciation	(1,799,566)	
Total		(1,044,243)
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.		(2,519)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(68,672)	
Intergovernmental	5,388	
Miscellaneous	12,298	
Total		(50,986)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated Absences	(28,637)	
Vacation Benefits Payable	4,914	
Total		(23,723)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	874,893	
OPEB	20,811	
Total		895,704
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(919,115)	
OPEB	1,398,864	
Total		479,749
Change in Net Position of Governmental Activities		$2,122,156

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$6,670,292	$6,714,308	$6,776,227	$61,919
Intergovernmental	5,303,261	5,303,261	5,492,662	189,401
Interest	96,304	96,304	623,573	527,269
Tuition and Fees	130,000	130,000	287,969	157,969
Rentals	10,000	10,000	17,923	7,923
Contributions and Donations	1,000	1,000	1,248	248
Charges for Services	4,500	4,500	12,376	7,876
Miscellaneous	18,500	18,500	316,268	297,768
Total Revenues	12,233,857	12,277,873	13,528,246	1,250,373
Expenditures				
Current:				
Instruction:				
Regular	1,586,897	1,614,727	1,154,226	460,501
Vocational	5,121,490	5,114,070	4,394,294	719,776
Support Services:				
Pupil	1,295,552	1,297,066	1,166,628	130,438
Instructional Staff	681,776	683,776	626,083	57,693
Board of Education	267,477	267,477	115,765	151,712
Administration	934,080	936,180	801,815	134,365
Fiscal	850,361	850,361	718,115	132,246
Business	354,135	354,135	333,175	20,960
Operation and Maintenance of Plant	2,187,296	2,187,296	1,915,123	272,173
Pupil Transportation	24,461	24,461	14,851	9,610
Central	510,630	481,370	371,298	110,072
Operation of Non-Instructional Services	23,506	25,506	24,960	546
Operation of Food Services	10,000	10,000	8,340	1,660
Extracurricular Activities	37,067	40,303	26,430	13,873
Capital Outlay	3,206,349	3,206,349	2,018,174	1,188,175
Total Expenditures	17,091,077	17,093,077	13,689,277	3,403,800
Excess of Revenues Under Expenditures	(4,857,220)	(4,815,204)	(161,031)	4,654,173
Other Financing Sources (Uses)				
Advances In	329,926	329,926	379,799	49,873
Advances Out	(419,626)	(419,626)	(397,632)	21,994
Transfers Out	(50,000)	(50,000)	(9,604)	40,396
Total Other Financing Sources (Uses)	(139,700)	(139,700)	(27,437)	112,263
Net Change in Fund Balance	(4,996,920)	(4,954,904)	(188,468)	4,766,436
Fund Balance Beginning of Year	27,250,621	27,250,621	27,250,621	0
Prior Year Encumbrances Appropriated	1,197,441	1,197,441	1,197,441	0
Fund Balance End of Year	$23,451,142	$23,493,158	$28,259,594	$4,766,436

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$36,861	$99,594
Liabilities		
Due to Students	0	$99,594
Net Position		
Held in Trust for Scholarships	$36,861	

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2019

	Private Purpose Trust
	Scholarship
Additions	
Contributions and Donations	$5,000
Interest	767
Miscellaneous	8,037
Total Additions	13,804
Deductions	
Scholarships Awarded	19,322
Change in Net Position	(5,518)
Net Position Beginning of Year	42,379
Net Position End of Year	$36,861

See accompanying notes to the basic financial statements

Note 1 – Description of the Center and Reporting Entity

The Maplewood Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of eleven members appointed for three year terms. Each Board member is selected in their home district and then appointed to the Center's board. The Center provides educational services as authorized by State statute and Federal guidelines to the following school districts: Crestwood Local School District, Field Local School District, James A. Garfield Local School District, Mogadore Local School District, Ravenna Schools, Rootstown Local School District, Southeast Local School District, Streetsboro City School District, Waterloo Local School District, and Windham Exempted Village School District. Each of these school districts has one board member on the Center's Board of Education, except for Ravenna Schools which has two members. The Center employs 66 certified employees and 27 non-certified employees who provide services to 636 students and other community members.

Reporting Entity

The Center is considered to be a stand-alone government because it is a legally separate entity but does not have an elected board. The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes the agencies and departments that provide the following services: general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Center has no component units.

The Center participates in a jointly governed organization and two insurance purchasing pools. These organizations are the Northeast Ohio Network for Educational Technology, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Portage Area Schools Consortium. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the 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. Following are the more significant of the Center's accounting policies.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Center that are governmental and those that are considered business-type. The Center, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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 and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental fund financial statements is on major funds. 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.

Fund Accounting

The 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 various funds of the Center are grouped into two categories: governmental and fiduciary.

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

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

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

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

Measurement Focus

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

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

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

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 statements presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 9). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the

Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial 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. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 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 Center, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14.)

Expenditures/Expenses 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 governmental funds.

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

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 fiscal year.

Cash and Cash Equivalents

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2019, investments were limited to STAR Ohio, first American treasury obligations fund, negotiable certificates of deposit, commercial paper, federal national mortgage association notes, federal home loan bank notes, federal home loan mortgage corporation notes, and federal farm credit bank notes. Except for STAR Ohio and the first American treasury obligations fund, investments are reported at fair value.

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

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transactions to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

The Center measures its investment in the first American treasury obligations fund at the net asset value (NAV) per share provided by First American Funds. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to $898,519, which includes $5,193 assigned from other Center funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a budget stabilization balance. See Note 20 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, 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.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Assets Held for Resale

Assets held for resale represent land purchased by the Center which will be sold with student-built houses.

Capital Assets

All capital assets of the Center are classified as general capital assets. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The Center was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of five thousand dollars. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40-60 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	5-15 years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the Center's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, 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 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Center Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education or by a Center official delegated that authority by State statute. State statue authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Center Board of Education also assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2020 budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

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.

Note 3 – Changes in Accounting Principles

For fiscal year 2019, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* and Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

For fiscal year 2019, the Center also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-2*. These changes were incorporated in the Center's 2019 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 88 improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. These changes were incorporated in the Center's 2019 financial statements; however, there was no effect on beginning net position.

GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Center's 2019 financial statements; however, there was no effect on beginning net position.

Note 4 – Fund Deficits

Fund balances at June 30, 2019, included individual fund deficits in the following funds:

	Amount
Special Revenue:	
Adult Education	$240,509
Adult Basic Education	1,898
Vocational Education	25,054

The adult education special revenue fund deficit balance resulted from an interfund payable. The general fund provided money to operate the program until grants and other monies are received and the advance can be repaid. The adult basic education special revenue fund deficit balance resulted from adjustments for accrued liabilities. The vocational education special revenue fund deficit balance resulted from unavailable revenue related to the intergovernmental grant receivable. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 5 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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 fund and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	$0	$1,212	$1,212
Prepaids	54,323	372	54,695
Assets Held for Resale	16,800	0	16,800
Total Nonspendable	71,123	1,584	72,707
Restricted for:			
Summer School	12,584	0	12,584
Food Service Operations	0	16,842	16,842
Total Restricted	12,584	16,842	29,426
Committed to:			
Compensated Absences	331,903	0	331,903
Purchases on Order:			
Capital Improvements	902,642	0	902,642
Total Committed	1,234,545	0	1,234,545
Assigned to:			
Public School Support	5,226	0	5,226
Purchases on Order:			
Student Instruction	169,600	0	169,600
Support Services	620,055	0	620,055
Extracurricular Activities	259	0	259
Capital Improvements	278,556	0	278,556
Fiscal Year 2020 Operations	3,605,726	0	3,605,726
Total Assigned	4,679,422	0	4,679,422
Unassigned (Deficit)	25,590,789	(267,753)	25,323,036
Total Fund Balances (Deficit)	$31,588,463	($249,327)	$31,339,136

Note 6 – Budgetary Basis of Accounting

While the Center is reporting its 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 (non-GAAP basis) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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

2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

3. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

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

5. Budgetary revenues and expenditures of the uniform school supplies, rotary – special services, and public school support funds are reclassified to the general fund for GAAP reporting.

6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	$1,990,424
Net Adjustment for Revenue Accruals	94,667
Advances In	379,799
Beginning Fair Value Adjustment for Investments	(186,989)
Ending Fair Value Adjustment for Investments	(67,255)
Net Adjustment for Expenditure Accruals	294,948
Advances Out	(397,632)
Perspective Differences:	
Uniform School Supplies	(5,017)
Rotary – Special Services	(20,874)
Public School Support	(188)
Encumbrances	(2,270,351)
Budget Basis	($188,468)

Note 7 – Deposits and Investments

Monies held by the Center are classified by State statute into three categories.

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

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

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

Interim monies held by the Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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, and Government National Mortgage 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

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

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

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time, if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30, 2019, $21,283 of the Center's total bank balance of $311,049 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Center's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2019, the Center had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	$9,744,897	Less than one year	AAAm	N/A
First American Treasury Obligations Fund	2,466	Less than one year	AAAm	N/A
Total Net Asset Value Per Share	9,747,363			
Fair Value - Level 2 Inputs:				
Negotiable Certificates of Deposit	7,218,622	Less than five years	N/A	23.18 %
Commercial Paper	4,889,675	Less than one year	A-1 or A-1+	15.70
Federal National Mortgage Association Notes	4,186,617	Less than three years	AA+	13.44
Federal Home Loan Bank Notes	2,095,907	Less than one year	AA+	6.73
Federal Home Loan Mortgage Corporation Notes	1,990,920	Less than three years	AA+	6.39
Federal Farm Credit Bank Notes	1,014,224	Less than five years	AA+	3.26
Total Fair Value - Level 2 Inputs	21,395,965			
Total Investments	$31,143,328			

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the Center's recurring fair value measurements as of June 30, 2019. The Center's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided marts, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk The Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable certificates of deposit, commercial paper, Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal Farm Credit Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The Center has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk All investments of the Center carry a rating of AAAm, AA+, A-1+, or A-1 by Standard and Poor's. The Center does not have an investment policy that addresses credit risk.

Concentration of Credit Risk The Center places no limit on the amount it may invest in any one issuer.

Note 8 – Receivables

Receivables at June 30, 2019, consisted of taxes, accounts, interfund, and intergovernmental grants. 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 fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Vocational Education Grant	$41,448
Adult Basic Education Grant	22,628
Bureau of Workers' Compensation Rebate	8,324
Ohio School Plan Dividend	3,974
Total	$76,374

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center's parameters. Real property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed value listed as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2019 represents collections of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2017, were levied after April 1, 2018, and are collected in calendar year 2019 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Center receives property taxes from Portage and Summit Counties. The County Auditor and Fiscal Officer periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2019, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance in the general fund was $1,339,796 at June 30, 2019, and $1,446,268 at June 30, 2018. The difference was in the timing and collection by the County Auditor and Fiscal Officer.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2019 taxes were collected are as follows:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$1,825,994,210	76.53 %	$2,005,266,540	77.45 %
Commercial/Industrial/Public Utility	440,154,940	18.45	456,557,760	17.64
Tangible Personal Property:				
Public Utility	119,726,380	5.02	127,175,880	4.91
Total	$2,385,875,530	100.00 %	$2,589,000,180	100.00 %
Tax rate per $1,000 of assessed valuation	$4.00		$4.00	

Tax Abatements

The Center's property taxes were reduced as follows under community reinvestment area and enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2019 Taxes Abated
Community Reinvestment Areas:	
City of Tallmadge	$14,239
Suffield Township	506
Total	$14,745
Enterprise Zone Tax Exemptions:	
City of Streetsboro	$26,117
Brimfield Township	12,774
City of Ravenna	3,827
Total	$42,718

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Balance 6/30/18	Additions	Reductions	Balance 6/30/19
Governmental Activities:				
Capital assets not being depreciated				
Land	$140,600	$0	$0	$140,600
Construction in progress	0	168,958	0	168,958
Total capital assets not being depreciated	140,600	168,958	0	309,558
Capital assets being depreciated				
Buildings and improvements	24,067,350	99,076	0	24,166,426
Furniture, fixtures and equipment	3,450,099	487,289	(152,042)	3,785,346
Vehicles	584,135	0	0	584,135
Total capital assets being depreciated	28,101,584	586,365	(152,042)	28,535,907
Accumulated depreciation				
Buildings and improvements	(13,109,593)	(1,521,224)	0	(14,630,817)
Furniture, fixtures and equipment	(2,709,608)	(209,420)	149,523	(2,769,505)
Vehicles	(358,411)	(68,922)	0	(427,333)
Total accumulated depreciation	(16,177,612)	(1,799,566) *	149,523	(17,827,655)
Capital assets being depreciated, net	11,923,972	(1,213,201)	(2,519)	10,708,252
Governmental activities capital assets, net	$12,064,572	($1,044,243)	($2,519)	$11,017,810

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$65,609
Vocational	1,614,522
Adult/Continuing	12,222
Support Services:	
Pupil	10,370
Instructional Staff	21,270
Board of Education	1,349
Administration	7,504
Fiscal	2,780
Operation and Maintenance of Plant	21,029
Pupil Transportation	13,619
Operation of Non-Instructional Services	24,855
Operation of Food Services	4,437
Total Depreciation Expense	$1,799,566

Note 11 – Assets Held for Resale

Assets held for resale represents home lots purchased by and donated to the Center, which will be sold with student-built houses. At June 30, 2019, the Center had two lots held for resale with a value of $16,800.

Note 12 – Risk Management

Property and Liability Insurance

The Center maintains comprehensive insurance coverage with a private carrier, Hylant Administrative Services, LLC. Hylant Administrative Services is the insurer for the Ohio School Plan, an insurance pool of nearly 300 members. Real property, building contents and vehicles are also maintained with Hylant Administrative Services and the Ohio School Plan. Payments for coverages are made directly to Hylant Administrative Services. Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Workers' Compensation

For fiscal year 2019, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, A Sedgwick CMS Company, provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The Center is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (see Note 22), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the Center were to withdraw from the pool. If the reserve would not cover such claims, the Center would be liable for any costs above the reserve.

Note 13 – Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assume the liabilities are solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liabilities (asset). Resulting adjustments to the net pension/OPEB liabilities (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset*, long-term *net pension liability,* or long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining 0.5 percent was allocated to the Health Care Fund.

The Center's contractually required contribution to SERS was $210,472 for fiscal year 2019. Of this amount $3,924 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The Center's licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to 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, 2019, the employer rate was 14 percent, and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was $664,421 for fiscal year 2019. Of this amount $83,467 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.04621090%	0.04259038%	
Current Measurement Date	0.04635450%	0.04117158%	
Change in Proportionate Share	0.00014360%	-0.00141880%	
Proportionate Share of the Net Pension Liability	$2,654,808	$9,052,706	$11,707,514
Pension Expense	$195,303	$723,812	$919,115

At June 30, 2019, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$145,599	$208,964	$354,563
Changes of assumptions	59,951	1,604,310	1,664,261
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	44,386	91,006	135,392
Center contributions subsequent to the measurement date	210,472	664,421	874,893
Total Deferred Outflows of Resources	$460,408	$2,568,701	$3,029,109
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$59,120	$59,120
Net difference between projected and actual earnings on pension plan investments	73,557	548,946	622,503
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	53,745	411,103	464,848
Total Deferred Inflows of Resources	$127,302	$1,019,169	$1,146,471

$874,893 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. 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:			
2020	$202,938	$630,609	$833,547
2021	29,379	404,821	434,200
2022	(87,124)	25,438	(61,686)
2023	(22,559)	(175,757)	(198,316)
Total	$122,634	$885,111	$1,007,745

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, 2018, are presented as follows:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	$3,739,497	$2,654,808	$1,745,369

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, are presented as follows:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are 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, 2018; therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net pension liability	$13,220,285	$9,052,706	$5,525,415

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2019, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. 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 2019, the Center's surcharge obligation was $13,016.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $20,811 for fiscal year 2019. Of this amount $13,161 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to postemployment health care.

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability (asset) was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Prior Measurement Date	0.04545950%	0.04259038%	
Current Measurement Date	0.04474200%	0.04117158%	
Change in Proportionate Share	-0.00071750%	-0.00141880%	

	SERS	STRS	Total
Proportionate Share of the:			
Net OPEB Liability	$1,241,264	$0	$1,241,264
Net OPEB Asset	0	661,585	661,585
OPEB Expense	40,505	(1,439,369)	(1,398,864)

At June 30, 2019, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$20,262	$77,274	$97,536
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	0	20,096	20,096
Center contributions subsequent to the measurement date	20,811	0	20,811
Total Deferred Outflows of Resources	$41,073	$97,370	$138,443
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$38,546	$38,546
Changes of assumptions	111,518	901,462	1,012,980
Net difference between projected and actual earnings on OPEB plan investments	1,862	75,581	77,443
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	61,628	50,559	112,187
Total Deferred Inflows of Resources	$175,008	$1,066,148	$1,241,156

$20,811 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	($66,155)	($172,401)	($238,556)
2021	(52,912)	(172,401)	(225,313)
2022	(10,970)	(172,401)	(183,371)
2023	(10,177)	(155,237)	(165,414)
2024	(10,306)	(149,214)	(159,520)
Thereafter	(4,226)	(147,124)	(151,350)
Total	($154,746)	($968,778)	($1,123,524)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented as follows:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption:	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018, was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018, was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the Center's proportionate share of the net OPEB liability for SERS and what the Center's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.70 percent) and higher (4.70 percent) than the current discount rate (3.70 percent). Also shown is what the Center's proportionate share of the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Center's proportionate share of the net OPEB liability	$1,506,176	$1,241,264	$1,031,503

	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Center's proportionate share of the net OPEB liability	$1,001,472	$1,241,264	$1,558,791

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented as follows:

Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends:	
Medical:	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug:	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

Since the Prior Measurement Date, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

Also since the prior measurement date, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020; however, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the Center's proportionate share of the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Center's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the Center's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net OPEB asset	$567,041	$661,585	$741,046

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	$736,560	$661,585	$585,443

Note 15 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Classified employees' vacation that is accrued in one fiscal year must be used by the end of the following fiscal year. Administrators may accrue a maximum of ten days of vacation time from one year to the next. Administrators, other than the Superintendent, may be paid annually for up to five days of unused vacation time in excess of the ten days maximum accrual. The Superintendent may be paid annually for up to ten days of unused vacation time in excess of the ten days maximum accrual. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to fifty percent of accumulated sick days not to exceed 170 days. The total maximum payment is for 85 days.

Note 16 – Long-Term Obligations

The changes in the Center's long-term obligations during fiscal year 2019 were as follows:

	Amount Outstanding 06/30/18	Additions	Reductions	Amount Outstanding 06/30/19	Amount Due in One Year
Governmental Activities					
Net Pension Liability:					
SERS	$2,760,999	$0	($106,191)	$2,654,808	$0
STRS	10,117,436	0	(1,064,730)	9,052,706	0
Total Net Pension Liability	12,878,435	0	(1,170,921)	11,707,514	0
Net OPEB Liability:					
SERS	1,220,014	21,250	0	1,241,264	0
STRS	1,661,719	0	(1,661,719)	0	0
Total Net OPEB Liability	2,881,733	21,250	(1,661,719)	1,241,264	0
Compensated Absences	1,147,471	103,111	(74,474)	1,176,108	73,578
Total Governmental Activities Long-Term Liabilities	$16,907,639	$124,361	($2,907,114)	$14,124,886	$73,578

There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the following funds: the general fund, the food service, adult education, adult basic education, and vocational education special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 13 and 14. Compensated absences will be paid from the general fund and the food service and adult education special revenue funds.

The Center's overall legal debt margin was $233,010,016 with an unvoted debt margin of $2,589,000 at June 30, 2019.

Note 17 – Operating Lease

During fiscal year 2017, the Center entered into an operating lease with Lake Business Products for ten copiers. The Center paid $27,015 for the lease in fiscal year 2019. The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2019:

Fiscal Year	Amount
2020	$27,015
2021	27,015
Total	$54,030

Note 18 – Contingencies

Grants

The Center received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2019, if applicable, cannot be determined at this time.

Foundation Funding

Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable at this time. Management believes this may result in either an additional receivable to or liability of the Center.

Litigation

The Center is not party to legal proceedings as of June 30, 2019.

Note 19 – Interfund Balances

Interfund balances at June 30, 2019, consisted of the following:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Adult Education	$259,000
Adult Basic Education	50,000
Vocational Education	39,000
Miscellaneous Federal Grants	49,632
Total	$397,632

Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid.

Note 20 – Set-Asides

The Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2019, all funds placed in the budget stabilization fund since its inception in 1998 continue to be set-aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization	Capital Improvements
Set-Aside Balance as of June 30, 2018	$223,362	$0
Current Year Set-Aside Requirement	0	114,963
Qualifying Disbursements	0	(114,963)
Total	$223,362	$0
Set-Aside Balance Carried Forward to Future Fiscal Years	$223,362	$0
Set-Aside Balance as of June 30, 2019	$223,362	$0

The total balance for the two set-asides at the end of the fiscal year was $223,362.

Note 21 – Jointly Governed Organization

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONet) is the computer service organization or Data Acquisition Site (DAS) used by the Center. NEONet is a jointly governed organization among twenty-seven school districts, three career centers, and the Summit and Medina County Educational Service Centers. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the Board of Directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The Career Center does not retain an ongoing financial interest or an ongoing financial responsibility in NEONet. During the current fiscal year, the Career Center made $40,185 in payments to NEONet. Financial information can be obtained by writing to the Northeast Ohio Network for Educational Technology, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Note 22 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area Schools Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting mainly of school districts within Portage County, while also including school districts in other northeast and southeast Ohio counties. The Consortium is a stand-alone entity, composed of two stand-alone Pools, the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 23 – Significant Commitments

Contractual Commitments

The Center had the following contractual commitments outstanding at June 30, 2019:

Project	Contract Amount	Amount Paid	Remaining on Contract
Interior Renovations	$1,071,600	$0	$1,071,600

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	$2,270,351
Other Governmental Funds	32,632
Total Governmental Funds	$2,302,983

Maplewood Career Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2019	2018	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.0463545%	0.0462109%	0.0477711%	0.0447851%	0.0472210%	0.0472210%
Center's Proportionate Share of the Net Pension Liability	$2,654,808	$2,760,999	$3,496,404	$2,555,481	$2,389,827	$2,808,081
Center's Covered Payroll	$1,568,800	$1,475,507	$1,489,814	$1,346,671	$1,373,643	$1,411,725
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	169.23%	187.12%	234.69%	189.76%	173.98%	198.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Three Fiscal Years (1) **

	2019	2018	2017
Center's Proportion of the Net OPEB Liability	0.0447420%	0.0454595%	0.0468928%
Center's Proportionate Share of the Net OPEB Liability	$1,241,264	$1,220,014	$1,336,618
Center's Covered Payroll	$1,568,800	$1,475,507	$1,489,814
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	79.12%	82.68%	89.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2019	2018	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.04117158%	0.04259038%	0.04206433%	0.04337660%	0.04381959%	0.04381959%
Center's Proportionate Share of the Net Pension Liability	$9,052,706	$10,117,436	$14,080,199	$11,988,023	$10,658,441	$12,696,265
Center's Covered Payroll	$4,609,557	$4,700,086	$4,504,000	$4,471,936	$4,500,907	$4,767,469
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	196.39%	215.26%	312.62%	268.07%	236.81%	266.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Asset/Liability

State Teachers Retirement System of Ohio

*Last Three Fiscal Years (1) **

	2019	2018	2017
Center's Proportion of the Net OPEB Asset/Liability	0.04117158%	0.04259038%	0.04206433%
Center's Proportionate Share of the:			
Net OPEB Asset	$661,585	$0	$0
Net OPEB Liability	0	1,661,719	2,249,611
Center's Covered Payroll	$4,609,557	$4,700,086	$4,504,000
Center's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.35%	35.36%	49.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center

Required Supplementary Information
Schedule of the Center's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$210,472	$211,788	$206,571	$208,574
Contributions in Relation to the Contractually Required Contribution	(210,472)	(211,788)	(206,571)	(208,574)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$1,559,052	$1,568,800	$1,475,507	$1,489,814
Pension Contributions as a Percentage of Covered Payroll	13.50%	13.50%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$20,811	$21,869	$18,144	$17,215
Contributions in Relation to the Contractually Required Contribution	(20,811)	(21,869)	(18,144)	(17,215)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.33%	1.39%	1.23%	1.16%
Total Contributions as a Percentage of Covered Payroll (2)	14.83%	14.89%	15.23%	15.16%

(1) The Center's covered payroll is the same for Pension and OPEB.
(2) Includes surcharge

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$177,491	$190,387	$195,383	$194,140	$178,324	$186,614
(177,491)	(190,387)	(195,383)	(194,140)	(178,324)	(186,614)
$0	$0	$0	$0	$0	$0
$1,346,671	$1,373,643	$1,411,725	$1,443,417	$1,418,645	$1,378,239
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
$24,908	$14,440	$14,825	$27,972	$39,506	$26,808
(24,908)	(14,440)	(14,825)	(27,972)	(39,506)	(26,808)
$0	$0	$0	$0	$0	$0
1.85%	1.05%	1.05%	1.94%	2.78%	1.95%
15.03%	14.91%	14.89%	15.39%	15.35%	15.49%

Maplewood Career Center

Required Supplementary Information
Schedule of the Center's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
Net Pension Liability				
Contractually Required Contribution	$664,421	$645,338	$658,012	$630,560
Contributions in Relation to the Contractually Required Contribution	(664,421)	(645,338)	(658,012)	(630,560)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$4,745,864	$4,609,557	$4,700,086	$4,504,000
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset/Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The Center's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2015	2014	2013	2012	2011	2010
$626,071	$585,118	$619,771	$665,640	$660,085	$647,394
(626,071)	(585,118)	(619,771)	(665,640)	(660,085)	(647,394)
$0	$0	$0	$0	$0	$0
$4,471,936	$4,500,907	$4,767,469	$5,120,308	$5,077,577	$4,979,954
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$0	$45,009	$47,675	$51,203	$50,776	$49,800
0	(45,009)	(47,675)	(51,203)	(50,776)	(49,800)
$0	$0	$0	$0	$0	$0
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age setback for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on the RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no setback for age 90 and above. Females younger than age 80 are set back four years, one year setback from age 80 through 89, and no setback from age 90 and above.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

It is a privilege to present to you the financial picture of the Maplewood Career Center. This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for the 2018 fiscal year are as follows:

- Certified, classified, and administrative staffs received a 2 percent salary increase in fiscal year 2018.

- The Center completed projects started in fiscal year 2017. Approximately 230,000 square feet of asphalt was removed and replaced. Concrete curbing, pads, light poles, and signs for those areas were installed.

- Annually, the Center reviews the needs of the programs and purchases equipment. Significant purchases for fiscal year 2018 were four clausing lathes for the applied engineering and machining program and a truck for the carpentry program.

- The Center continues to research new programming options, but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education.

Using this Financial Report

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 89-124 of this report.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental fund begins on page 76. Fund financial reports provide detailed information about the Center's major fund. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant fund. The Center's only major governmental fund is the general fund.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Center's programs. These funds use the accrual basis of accounting.

The Center as a Whole

You may recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a comparison of the Center's net position for fiscal year 2018 compared to 2017:

Table 1
Net Position

	Governmental Activites		
	2018	2017	Change
Assets			
Current and Other Assets	$35,951,456	$35,237,519	$713,937
Capital Assets, Net	12,064,572	12,268,237	(203,665)
Total Assets	48,016,028	47,505,756	510,272
Deferred Outflows of Resources			
Pension	3,923,711	3,298,262	625,449
OPEB	141,909	18,144	123,765
Total Deferred Outflows of Resources	4,065,620	3,316,406	749,214
Liabilities			
Current Liabilities	937,388	1,033,082	95,694
Long-Term Liabilities:			
Due Within One Year	74,474	76,337	1,863
Due in More Than One Year:			
Net Pension Liability	12,878,435	17,576,603	4,698,168
Net OPEB Liability	2,881,733	3,586,229	704,496
Other Amounts	1,072,997	1,076,243	3,246
Total Liabilities	17,845,027	23,348,494	5,503,467
Deferred Inflows of Resources			
Property Taxes	5,286,574	5,218,756	(67,818)
Pension	825,930	457,981	(367,949)
OPEB	362,243	0	(362,243)
Total Deferred Inflows of Resources	6,474,747	5,676,737	(798,010)
Net Position			
Net Investment in Capital Assets	12,064,572	12,268,237	(203,665)
Restricted	44,398	41,964	2,434
Unrestricted	15,652,904	9,486,730	6,166,174
Total Net Position	$27,761,874	$21,796,931	$5,964,943

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2018, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. For fiscal year 2018, the Center adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.
In accordance with GASB 68 and GASB 75, the Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of

each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Center is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2017, from $25,365,016 to $21,796,931.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position, primarily unrestricted net position. The increase in net position is mainly due to the significant decrease in long-term liabilities, primarily the net pension liability and the net OPEB liability. The net pension liability and net OPEB liability decreases represent the Center's proportionate share of the unfunded benefits of the SERS and STRS pension and OPEB plans. As indicated previously, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

Current and other assets also increased mainly due to an increase in cash, as well as a smaller increase in property taxes receivable. The increase in cash was primarily due to increases in several cash basis receipts, including property taxes, intergovernmental, tuition and fees, and interest. The increase in property taxes receivable was due to an increase in assessed values.

The increase in deferred outflows of resources offset a similar increase in deferred inflows of resources related to pension and OPEB.

Table 2 shows the changes in net position for fiscal year 2018 compared to fiscal year 2017.

Table 2
Change in Net Position
Governmental Activities

	2018	2017	Change
Revenues			
Program Revenues			
Charges for Services	$778,904	$549,491	$229,413
Operating Grants, Contributions, and Interest	1,663,825	1,514,324	149,501
Total Program Revenues	2,442,729	2,063,815	378,914
General Revenues			
Property Taxes	6,871,654	6,485,456	386,198
Grants and Entitlements	4,645,252	4,604,504	40,748
Unrestricted Contributions	999	928	71
Investment Earnings	336,842	141,888	194,954
Miscellaneous	75,177	77,952	(2,775)
Total General Revenues	11,929,924	11,310,728	619,196
Total Revenues	$14,372,653	$13,374,543	$998,110

(continued)

Table 2
Change in Net Position (continued)
Governmental Activities

	2018	2017	Change
Program Expenses			
Instruction:			
Regular	$553,196	$1,384,939	$831,743
Vocational	3,319,150	5,439,990	2,120,840
Adult/Continuing	74,051	338,536	264,485
Support Services:			
Pupil	518,013	1,244,896	726,883
Instructional Staff	308,402	645,202	336,800
Board of Education	138,359	124,720	(13,639)
Administration	597,877	987,803	389,926
Fiscal	577,639	614,557	36,918
Business	277,944	335,658	57,714
Operation and Maintenance of Plant	1,330,752	1,369,706	38,954
Pupil Transportation	20,695	75,766	55,071
Central	315,939	325,965	10,026
Operation of Non-Instructional Services	52,787	50,153	(2,634)
Operation of Food Services	296,356	300,939	4,583
Extracurricular Activities	26,550	23,449	(3,101)
Total Program Expenses	8,407,710	13,262,279	4,854,569
Change in Net Position	5,964,943	112,264	5,852,679
Net Position Beginning of Year	21,796,931	N/A	
Net Position End of Year	$27,761,874	$21,796,931	$5,964,943

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $18,144 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of $444,149. Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

Total 2018 program expenses under GASB 75	$8,407,710
Negative OPEB expense under GASB 75	444,149
2018 contractually required contribution	21,869
Adjusted 2018 program expenses	8,873,728
Total 2017 program expenses under GASB 45	13,262,279
Decrease in program expenses not related to OPEB	($4,388,551)

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to pensions. STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost of living adjustments (COLA). SERS decreased their COLA assumption. (See Note 13.) As a result of these changes, pension expense decreased from $1,314,642 in fiscal year 2017 to a negative pension expense of $4,098,542 for fiscal year 2018. The allocation of the fiscal year 2018 negative pension expense to program expenses is as follows:

Program Expenses	Fiscal Year 2018 Program Expenses Related to Negative Pension Expense
Instruction:	
Regular	($642,818)
Vocational	(2,098,236)
Adult/Continuing	(181,635)
Support Services:	
Pupil	(561,082)
Instructional Staff	(279,621)
Board of Education	(1,464)
Administration	(253,486)
Fiscal	(18,121)
Business	(15,406)
Operation and Maintenance of Plant	(27,031)
Pupil Transportation	(105)
Central	(10,197)
Operation of Non-Instructional Services	(93)
Operation of Food Services	(9,247)
Total Expenses	($4,098,542)

Governmental Activities

Net position of the Center's governmental activities increased in fiscal year 2018 primarily due to the large decrease in expenses, which was seen in nearly every function. Negative pension expense and OPEB expense were the main cause of the significant decrease in fiscal year 2018 expenses. See the previous discussion for causes of the changes in pension and OPEB expense.

An increase in revenues also contributed to the increase in net position, with increases in both program revenues and general revenues. General revenues increased primarily due to increases in property taxes and investment earnings. The increase in property tax revenues on an accrual basis was due to an increase in assessed values, as well as an increase in the amount available as an advance from the Portage and Summit County Auditors at fiscal year end, which is related to the differences in the timing and collections of taxes by the County Auditors. Investment earnings increased due to increases in interest rates, as well as smaller negative changes in fair value than in the prior fiscal year.

The primary sources of revenue for the Center are derived from property taxes and grants and entitlements revenue. These two revenue sources represent a majority of the total revenue. Property taxes, alone, represent almost half of total revenues. The remaining revenue is from program revenues, donations, interest, and miscellaneous local sources.

A State law, enacted in 1976, does not allow for tax revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 4 mills. The reduced or effective millage in fiscal year 2018 was 3.082112 mills for Residential/Agricultural property and 3.389883 mills for Commercial/Industrial property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Table 3

Year Ending	Portage County	Summit County	Total Valuation	Growth Rate
2018	$2,325,824,500	$60,051,030	$2,385,875,530	2.05 %
2017	2,281,276,630	56,628,760	2,337,905,390	1.25
2016	2,252,618,385	56,343,540	2,308,961,925	2.72
2015	2,190,879,120	56,869,740	2,247,748,860	0.44
2014	2,181,580,620	56,230,880	2,237,811,500	1.21
2013	2,154,881,120	56,190,650	2,211,071,770	(3.76)
2012	2,241,339,510	56,110,980	2,297,450,490	(0.62)
2011	2,249,316,830	62,353,560	2,311,670,390	0.11
2010	2,247,875,525	61,166,880	2,309,042,405	(2.20)
2009	2,300,090,760	60,988,046	2,361,078,806	(1.14)

Although the amount of State funding per pupil has risen slightly over the past several years, the Center has not received this increase due in part to the funding formula called transitional aid guarantee. Being on the transitional aid guarantee means that the Center is guaranteed not to go below a certain amount of Foundation funding and thus the number of pupils and funding per pupil is no longer impacting the funding equation. House Bill 49, the State's biennial budget for fiscal years 2018 and 2019, included a reduction in the transitional aid guarantee for school districts that lost more than five percent of their enrollment from fiscal year 2014 to fiscal year 2016. The Center had less than a five percent loss. The per pupil funding amount was $6,000 for fiscal year 2017 and $6,010 for fiscal year 2018. Career Technical Educational Funding is part of restricted funding and is calculated outside the transitional guarantee. This will account for some fluctuations in State funding depending on enrollment of students in the various programs offered.

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

Table 4
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017
Program Expenses				
Instruction:				
Regular	$553,196	$411,046	$1,384,939	$1,306,223
Vocational	3,319,150	2,076,275	5,439,990	4,365,332
Adult/Continuing	74,051	(214,083)	338,536	63,489
Support Services:				
Pupil	518,013	361,493	1,244,896	1,106,022
Instructional Staff	308,402	286,825	645,202	628,810
Board of Education	138,359	134,471	124,720	122,680
Administration	597,877	396,505	987,803	856,663
Fiscal	577,639	545,568	614,557	589,800
Business	277,944	269,136	335,658	330,397
Operation and Maintenance of Plant	1,330,752	1,286,631	1,369,706	1,347,269
Pupil Transportation	20,695	20,518	75,766	72,835
Central	315,939	301,899	325,965	317,985
Operation of Non-Instructional Services	52,787	52,787	50,153	50,153
Operation of Food Services	296,356	21,127	300,939	31,415
Extracurricular Activities	26,550	14,783	23,449	9,391
Total	$8,407,710	$5,964,981	$13,262,279	$11,198,464

As one can see, the reliance upon local tax revenues for the governmental activities is crucial. Fiscal year 2018 program revenues covered only a small portion of program expenses overall, while the majority of program expenses are supported through tax revenues and other general revenues. Grants and entitlements not restricted to specific programs support a smaller portion than tax revenues, but still support a significant portion of program expenses. Program revenues, unrestricted contributions, investment earnings and other miscellaneous types of revenues support the remaining activity costs. In fiscal year 2018, however, revenues exceeded expenses by a large margin, resulting in a significant increase in net position.

The Center's Funds

The Center's governmental funds, as presented on the balance sheet on page 82, reported a combined fund balance increase from fiscal year 2017, due to a significant increase in revenues, primarily property taxes, tuition and fees, interest, and intergovernmental revenues, and a smaller decrease in expenditures, mainly capital outlay.

General Fund

The general fund balance increased in fiscal year 2018. The increase in fund balance can be attributed to the large increase in revenues and the smaller decrease in expenditures, primarily capital outlay expenditures. Increases in property taxes, tuition and fees, interest, and intergovernmental revenues primarily contributed to the increase in total revenues for the general fund.

Budgeting Highlights

The Center's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In fiscal year 2018, all funds were appropriated at the fund level.

In fiscal year 2018, the Center adopted its appropriations prior to October 1, 2017, and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues, including other financing sources, were a little higher than the original estimate. Total actual revenues were more than final estimated revenues mainly due to higher than expected property taxes, intergovernmental, interest, and tuition and fees revenues.

General fund final appropriations, including other financing uses, were more than the original appropriations. The largest functions for final general fund appropriations included instruction, pupil and operation and maintenance of plant support services, and capital outlay. Final appropriations exceeded actual expenditures, mainly due to the Center appropriating for anticipated projects and by fiscal year end not all of the projects had been started or completed, and also from salaries, benefits, purchased services, supplies, and equipment coming in lower than original predictions.

Capital Assets and Debt Administration

Capital Assets

Capital assets net of depreciation decreased from fiscal year 2017. Some of the capital asset additions for fiscal year 2018 included the completion of the asphalt replacement project, four clausing lathes for the applied engineering and machining program, and a truck for the carpentry program.

The Center's capitalization threshold for capital assets was set at $5,000. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt Administration

At June 30, 2018, the Center had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and for the Center's net pension liability and net OPEB liability. For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The vision of the Maplewood Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, the Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

The mission of the Center is to prepare all students to meet, to the best of their abilities, the career/technical, academic, social, cultural, current and future needs of the community. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics and meet their obligations as citizens in a democratic and global society.

Keeping current is an ongoing challenge for the Center, where success is measured by graduate employment. As part of the Center's mission to provide relevant career technical programs that meet the needs of its students and its communities, medical and dental assisting were added at the beginning of fiscal year 2009, because those two fields were among the fastest growing career fields in the region. Also, at the beginning of fiscal year 2009, additional opportunities were added for students selecting auto service technology and cosmetology, doubling their capacity, since these programs have always been quickly filled. A new program titled Building and Property Maintenance was added, as well. These programs were fully operational with both juniors and seniors in fiscal year 2010. Unfortunately, the Building and Property Maintenance program was eliminated due to low enrollment at the end of the 2012 fiscal year. The previous Horticulture laboratory was renovated into an Animal Science laboratory over the summer of 2014. Animal Science was added in the fall of 2014 for juniors and was offered to both juniors and seniors in fiscal year 2016. The Administrative and Medical Terminology program was closed at the end of the 2014 year and the Computer Aided Engineering program was closed at the end of the 2015 fiscal year. The Center continues to research new programming options but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education. The Center will continue to assess the needs of the students and communities and make changes and additions to programs in the future.

The adult education program assists individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, keep abreast of technological developments, and to develop competencies in areas of need and workforce development and personal interest. The job training and re-training needs of area adults are important concerns to the Center's adult education department. The Center offers Welding Technologies as a long-term adult education training program. It is a program most requested by area employers. The program is affordable, in depth, and most importantly, graduates are certified and ready to step into a job. In the summer and fall of 2015, the Center worked with area manufacturing businesses to start an Industrial Maintenance program. The program includes modules for electrical, fluid power, and mechanical. Area manufacturing businesses send employees to take the classes and receive certifications. The classes are also open to individuals. The Center continues to work with area manufacturing businesses to create training programs that meet their individual needs.

In order to meet the goals mentioned above, it is imperative that the Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years. The Center has achieved a large measure of financial stability and forecasts a continuation of that stability throughout the five years of the required forecast period prior to a levy renewal or replacement being requested of its voters. Administrators and staff are cognizant of the vulnerability of this stability and the Board of Education and Administration continue to closely monitor both revenues and expenses. The Board of Education and Administration plan to maintain the current facility indefinitely and as a result must upgrade and maintain the facility in a manner distinctly different from many traditional school districts that are building or planning to build new facilities.

Contacting the Center's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Seckman, Treasurer, Maplewood Career Center, 7075 State Route 88, Ravenna, Ohio 44266. You may also contact the Treasurer by phone at (330) 296-2892, extension 551005, or by e-mail at seckmanmi@mwood.cc.

Basic Financial Statements

Maplewood Career Center
Statement of Net Position
June 30, 2018

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$28,675,444
Accounts Receivable	3,868
Intergovernmental Receivable	117,093
Accrued Interest Receivable	48,930
Prepaid Items	58,257
Materials and Supplies Inventory	1,648
Inventory Held for Resale	3,487
Property Taxes Receivable	7,025,929
Assets Held for Resale	16,800
Nondepreciable Capital Assets	140,600
Depreciable Capital Assets, Net	11,923,972
Total Assets	48,016,028
Deferred Outflows of Resources	
Pension	3,923,711
OPEB	141,909
Total Deferred Outflows of Resources	4,065,620
Liabilities	
Accounts Payable	41,944
Accrued Wages and Benefits Payable	662,045
Matured Compensated Absences Payable	36,945
Vacation Benefits Payable	72,615
Intergovernmental Payable	123,839
Long-Term Liabilities:	
Due Within One Year	74,474
Due in More Than One Year:	
Net Pension Liability (See Note 13)	12,878,435
Net OPEB Liability (See Note 14)	2,881,733
Other Amounts Due in More Than One Year	1,072,997
Total Liabilities	17,845,027
Deferred Inflows of Resources	
Property Taxes	5,286,574
Pension	825,930
OPEB	362,243
Total Deferred Inflows of Resources	6,474,747
Net Position	
Net Investment in Capital Assets	12,064,572
Restricted for:	
Vocational Education	25,548
Summer School	12,584
Food Service Operations	5,176
Adult Basic Education	1,072
Other Purposes	18
Unrestricted	15,652,904
Total Net Position	$27,761,874

See accompanying notes to the basic financial statements

Maplewood Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2018

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$553,196	$33,479	$108,671	($411,046)
Vocational	3,319,150	270,718	972,157	(2,076,275)
Adult/Continuing	74,051	69,344	218,790	214,083
Support Services:				
Pupil	518,013	31,012	125,508	(361,493)
Instructional Staff	308,402	17,845	3,732	(286,825)
Board of Education	138,359	3,888	0	(134,471)
Administration	597,877	143,888	57,484	(396,505)
Fiscal	577,639	16,781	15,290	(545,568)
Business	277,944	8,808	0	(269,136)
Operation and Maintenance of Plant	1,330,752	37,811	6,310	(1,286,631)
Pupil Transportation	20,695	177	0	(20,518)
Central	315,939	11,921	2,119	(301,899)
Operation of Non-Instructional Services	52,787	0	0	(52,787)
Operation of Food Services	296,356	121,465	153,764	(21,127)
Extracurricular Activities	26,550	11,767	0	(14,783)
Total	$8,407,710	$778,904	$1,663,825	(5,964,981)

General Revenues	
Property Taxes Levied for General Purposes	6,871,654
Grants and Entitlements not Restricted to Specific Programs	4,645,252
Unrestricted Contributions	999
Investment Earnings	336,842
Miscellaneous	75,177
Total General Revenues	11,929,924
Change in Net Position	5,964,943
Net Position Beginning of Year - Restated (See Note 3)	21,796,931
Net Position End of Year	$27,761,874

See accompanying notes to the basic financial statements

Maplewood Career Center

Balance Sheet

Governmental Funds

June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$28,208,170	$243,912	$28,452,082
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	223,362	0	223,362
Accounts Receivable	842	3,026	3,868
Interfund Receivable	379,799	0	379,799
Accrued Interest Receivable	48,930	0	48,930
Intergovernmental Receivable	10,355	106,738	117,093
Prepaid Items	57,839	418	58,257
Materials and Supplies Inventory	0	1,648	1,648
Inventory Held for Resale	0	3,487	3,487
Property Taxes Receivable	7,025,929	0	7,025,929
Assets Held for Resale	16,800	0	16,800
Total Assets	$35,972,026	$359,229	$36,331,255
Liabilities			
Accounts Payable	$41,781	$163	$41,944
Accrued Wages and Benefits Payable	611,364	50,681	662,045
Matured Compensated Absences Payable	36,945	0	36,945
Intergovernmental Payable	104,236	19,603	123,839
Interfund Payable	0	379,799	379,799
Total Liabilities	794,326	450,246	1,244,572
Deferred Inflows of Resources			
Property Taxes	5,286,574	0	5,286,574
Unavailable Revenue	293,087	36,060	329,147
Total Deferred Inflows of Resources	5,579,661	36,060	5,615,721
Fund Balances			
Nonspendable	74,639	2,066	76,705
Restricted	12,584	6,674	19,258
Committed	456,104	0	456,104
Assigned	4,644,444	0	4,644,444
Unassigned (Deficit)	24,410,268	(135,817)	24,274,451
Total Fund Balances (Deficit)	29,598,039	(127,077)	29,470,962
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$35,972,026	$359,229	$36,331,255

See accompanying notes to the basic financial statements

Maplewood Career Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2018

Total Governmental Funds Balances		$29,470,962
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.		12,064,572
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	293,087	
Intergovernmental	36,060	
Total		329,147
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(72,615)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		(1,147,471)
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	3,923,711	
Deferred Outflows - OPEB	141,909	
Net Pension Liability	(12,878,435)	
Net OPEB Liability	(2,881,733)	
Deferred Inflows - Pension	(825,930)	
Deferred Inflows - OPEB	(362,243)	
Total		(12,882,721)
Net Position of Governmental Activities		$27,761,874

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2018

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$6,872,759	$0	$6,872,759
Intergovernmental	5,466,793	805,880	6,272,673
Interest	336,842	344	337,186
Tuition and Fees	354,578	185,367	539,945
Rentals	11,034	0	11,034
Contributions and Donations	999	0	999
Charges for Services	106,460	121,465	227,925
Miscellaneous	65,574	9,603	75,177
Total Revenues	13,215,039	1,122,659	14,337,698
Expenditures			
Current:			
Instruction:			
Regular	1,235,054	108,671	1,343,725
Vocational	4,083,636	135,824	4,219,460
Adult/Continuing	10,306	286,557	296,863
Support Services:			
Pupil	1,106,184	118,807	1,224,991
Instructional Staff	643,615	3,717	647,332
Board of Education	140,822	0	140,822
Administration	740,668	198,502	939,170
Fiscal	603,147	15,216	618,363
Business	319,452	0	319,452
Operation and Maintenance of Plant	1,363,763	6,280	1,370,043
Pupil Transportation	6,416	0	6,416
Central	319,578	5,461	325,039
Operation of Non-Instructional Services	22,660	0	22,660
Operation of Food Services	8,340	301,400	309,740
Extracurricular Activities	26,550	0	26,550
Capital Outlay	1,813,118	0	1,813,118
Total Expenditures	12,443,309	1,180,435	13,623,744
Net Change in Fund Balances	771,730	(57,776)	713,954
Fund Balances (Deficit) Beginning of Year	28,826,309	(69,301)	28,757,008
Fund Balances (Deficit) End of Year	$29,598,039	($127,077)	$29,470,962

See accompanying notes to the basic financial statements

Maplewood 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, 2018

Net Change in Fund Balances - Total Governmental Funds		$713,954
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:		
Capital Outlay	1,749,019	
Depreciation	(1,932,005)	
Total		(182,986)
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.		(20,679)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(1,105)	
Intergovernmental	36,060	
Total		34,955
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated Absences	5,109	
Vacation Benefits Payable	(7,096)	
Total		(1,987)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	857,126	
OPEB	21,869	
Total		878,995
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:		
Pension	4,098,542	
OPEB	444,149	
Total		4,542,691
Change in Net Position of Governmental Activities		$5,964,943

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$6,530,344	$6,603,094	$6,790,155	$187,061
Intergovernmental	5,226,305	5,226,305	5,459,462	233,157
Interest	219,404	223,004	396,721	173,717
Tuition and Fees	120,000	120,000	275,453	155,453
Rentals	13,900	10,558	11,034	476
Contributions and Donations	1,200	1,199	999	(200)
Charges for Services	4,500	4,891	12,499	7,608
Miscellaneous	22,706	21,241	55,383	34,142
Total Revenues	12,138,359	12,210,292	13,001,706	791,414
Expenditures				
Current:				
Instruction:				
Regular	1,515,070	1,515,815	1,292,935	222,880
Vocational	5,013,796	4,923,908	4,048,423	875,485
Support Services:				
Pupil	1,222,392	1,228,282	1,114,431	113,851
Instructional Staff	601,306	653,685	653,685	0
Board of Education	262,125	262,125	193,100	69,025
Administration	891,577	894,144	788,349	105,795
Fiscal	869,940	869,940	680,893	189,047
Business	346,784	346,784	325,041	21,743
Operation and Maintenance of Plant	2,027,440	2,027,440	1,791,059	236,381
Pupil Transportation	20,750	20,750	12,164	8,586
Central	602,439	604,059	362,631	241,428
Operation of Non-Instructional Services	23,506	23,506	22,660	846
Extracurricular Activities	37,034	40,369	27,417	12,952
Capital Outlay	4,358,453	4,358,453	2,220,011	2,138,442
Total Expenditures	17,792,612	17,769,260	13,532,799	4,236,461
Excess of Revenues Under Expenditures	(5,654,253)	(5,558,968)	(531,093)	5,027,875
Other Financing Sources (Uses)				
Advances In	205,000	205,000	281,273	76,273
Advances Out	(220,000)	(379,799)	(379,799)	0
Transfers Out	(50,000)	(11,553)	(11,553)	0
Total Other Financing Sources (Uses)	(65,000)	(186,352)	(110,079)	76,273
Net Change in Fund Balance	(5,719,253)	(5,745,320)	(641,172)	5,104,148
Fund Balance Beginning of Year	25,777,194	25,777,194	25,777,194	0
Prior Year Encumbrances Appropriated	2,114,599	2,114,599	2,114,599	0
Fund Balance End of Year	$22,172,540	$22,146,473	$27,250,621	$5,104,148

See accompanying notes to the basic financial statements

Maplewood Career Center
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2018

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$42,379	$99,508
Liabilities		
Due to Students	0	$99,508
Net Position		
Held in Trust for Scholarships	$42,379	

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Changes in Fiduciary Net Position

Private Purpose Trust Fund

For the Fiscal Year Ended June 30, 2018

	Private Purpose Trust
	Scholarship
Additions	
Contributions and Donations	$3,700
Interest	463
Miscellaneous	10,243
Total Additions	14,406
Deductions	
Scholarships Awarded	11,500
Change in Net Position	2,906
Net Position Beginning of Year	39,473
Net Position End of Year	$42,379

See accompanying notes to the basic financial statements

Note 1 – Description of the Center and Reporting Entity

The Maplewood Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of eleven members appointed for three year terms. Each Board member is selected in their home district and then appointed to the Center's board. The Center provides educational services as authorized by State statute and Federal guidelines to the following school districts: Crestwood Local School District, Field Local School District, James A. Garfield Local School District, Mogadore Local School District, Ravenna Schools, Rootstown Local School District, Southeast Local School District, Streetsboro City School District, Waterloo Local School District, and Windham Exempted Village School District. Each of these school districts has one board member on the Center's Board of Education, except for Ravenna Schools which has two members. The Center employs 65 certified employees and 29 non-certified employees who provide services to 631 students and other community members.

Reporting Entity

The Center is considered to be a stand-alone government because it is a legally separate entity but does not have an elected board. The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes the agencies and departments that provide the following services: general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's governing board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; the Center is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Center has no component units.

The Center participates in a jointly governed organization and two insurance purchasing pools. These organizations are the Northeast Ohio Network for Educational Technology, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Portage Area Schools Consortium. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the 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. Following are the more significant of the Center's accounting policies.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Center that are governmental and those that are considered business-type. The Center, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the 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 and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental fund financial statements is on major funds. 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.

Fund Accounting

The 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 various funds of the Center are grouped into two categories: governmental and fiduciary.

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

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

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

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

Measurement Focus

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

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

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

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 statements presented for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 9). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the

Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial 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. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, pension, OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2018, but which were levied to finance fiscal year 2019 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 83. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14.)

Expenditures/Expenses 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 governmental funds.

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

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 fiscal year.

Cash and Cash Equivalents

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2018, investments were limited to STAR Ohio, first American treasury obligations fund, federal national mortgage association notes, federal home loan mortgage corporation notes, federal home loan bank notes, federal farm credit bank notes, commercial paper, and negotiable certificates of deposit. Except for STAR Ohio and the first American treasury obligations fund, investments are reported at fair value.

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

For fiscal year 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transactions to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

The Center measures its investment in the first American treasury obligations fund at the net asset value (NAV) per share provided by First American Funds. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2018 amounted to $336,842, which includes $2,524 assigned from other Center funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a budget stabilization balance. See Note 20 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2018, 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.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Assets Held for Resale

Assets held for resale represent land purchased by the Center which will be sold with student-built houses.

Capital Assets

All capital assets of the Center are classified as general capital assets. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. The Center was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of five thousand dollars. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40-60 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	5-15 years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the Center's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, 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 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Center Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education or by a Center official delegated that authority by State statute. State statue authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Center Board of Education also assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2019 budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes other miscellaneous Federal grant programs for regular instruction.

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

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.

Note 3 – Changes in Accounting Principles and Restatement of Net Position

For fiscal year 2018, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).*

For fiscal year 2018, the Center also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in the Center's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in the Center's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	$25,365,016
Adjustments:	
Net OPEB Liability	(3,586,229)
Deferred Outflow – Payments Subsequent to Measurement Date	18,144
Restated Net Position June 30, 2017	$21,796,931

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

Note 4 – Fund Deficits

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

	Amount
Special Revenue:	
Adult Education	$126,046
Adult Basic Education	77
Vocational Education	9,363

The adult education special revenue fund deficit balance resulted from an interfund payable. The general fund provided money to operate the program until grants and other monies are received and the advance can be repaid. The adult basic education and vocational education special revenue funds deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 5 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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 fund and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	$0	$1,648	$1,648
Prepaids	57,839	418	58,257
Assets Held for Resale	16,800	0	16,800
Total Nonspendable	74,639	2,066	76,705
Restricted for:			
Summer School	12,584	0	12,584
Food Service Operations	0	6,656	6,656
Other Purposes:			
Regular Instruction	0	18	18
Total Restricted	12,584	6,674	19,258
Committed to:			
Compensated Absences	236,520	0	236,520
Purchases on Order:			
Capital Improvements	219,584	0	219,584
Total Committed	456,104	0	456,104
Assigned to:			
Public School Support	5,038	0	5,038
Purchases on Order:			
Student Instruction	143,593	0	143,593
Support Services	634,736	0	634,736
Extracurricular Activities	867	0	867
Capital Improvements	149,731	0	149,731
Fiscal Year 2019 Operations	3,710,479	0	3,710,479
Total Assigned	4,644,444	0	4,644,444
Unassigned (Deficit)	24,410,268	(135,817)	24,274,451
Total Fund Balances (Deficit)	$29,598,039	($127,077)	$29,470,962

Note 6 – Budgetary Basis of Accounting

While the Center is reporting its 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 (non-GAAP basis) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

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

2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

3. Investments reported at cost (budget basis) rather than fair value (GAAP basis).

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

5. Budgetary revenues and expenditures of the uniform school supplies, rotary – special services, and public school support funds are reclassified to the general fund for GAAP reporting.

6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	$771,730
Net Adjustment for Revenue Accruals	(98,358)
Advances In	281,273
Beginning Fair Value Adjustment for Investments	(128,601)
Ending Fair Value Adjustment for Investments	186,989
Net Adjustment for Expenditure Accruals	(68,182)
Advances Out	(379,799)
Perspective Differences:	
Uniform School Supplies	(615)
Rotary – Special Services	(7,738)
Public School Support	(430)
Encumbrances	(1,197,441)
Budget Basis	($641,172)

Note 7 – Deposits and Investments

Monies held by the Center are classified by State statute into three categories.

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

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

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

Interim monies held by the Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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, and Government National Mortgage 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of the political subdivisions of the State of Ohio;

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

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

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

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in possession of an outside party. In April 2018, one of the Center's financial institutions participating in the Ohio Pooled Collateral System (OPCS) was approved for a reduced collateral floor of 50 percent. At fiscal year end, $70,102 of the Center's bank balance of $419,549 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	$7,966,150	Less than one year	AAAm	N/A
First American Treasury Obligations Fund	39,769	Less than one year	AAAm	N/A
Total Net Asset Value Per Share	$8,005,919			

(continued)

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 2 Inputs:				
Federal National Mortgage Association Notes	$4,126,835	Less than three years	AA+	14.36 %
Federal Home Loan Mortgage Corporation Notes	3,527,621	Less than three years	AA+	12.28
Federal Home Loan Bank Notes	2,062,985	Less than three years	AA+	7.18
Federal Farm Credit Bank Notes	1,490,181	Less than three years	AA+	5.19
Commercial Paper:				
Toyota Motor Credit	1,459,401	Less than one year	A-1+	5.08
JP Morgan	1,449,093	Less than one year	A-1	5.04
BNP Paribas Fortis	1,437,965	Less than one year	A-1	5.00
ING U.S. Funding LLC	1,107,680	Less than one year	A-1	3.85
MUFG Bank	862,436	Less than one year	A-1	3.00
Canadian Imperial Bank	798,520	Less than one year	A-1	2.78
Bank of Tokyo - Mitsubishi	589,056	Less than one year	A-1	2.05
General Electric Capital Treasury	484,500	Less than one year	A-1	1.69
Natixis	119,599	Less than one year	A-1	0.42
Negotiable Certificates of Deposit	1,215,641	Less than five years	N/A	4.23
Total Fair Value - Level 2 Inputs	20,731,513			
Total Investments	$28,737,432			

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the Center's recurring fair value measurements as of June 30, 2018. The Center's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided marts, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk The Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes, commercial paper, and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The Center has no investment policy dealing with the investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Credit Risk All investments of the Center carry a rating of AAAm, AA+, A-1+, or A-1 by Standard and Poor's. The Center does not have an investment policy that addresses credit risk.

Concentration of Credit Risk The Center places no limit on the amount it may invest in any one issuer.

Note 8 – Receivables

Receivables at June 30, 2018, consisted of taxes, accounts, interfund, and intergovernmental grants. 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 fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Vocational Education Grant	$83,116
Adult Basic Education Grant	22,725
Bureau of Workers' Compensation Rebate	11,252
Total	$117,093

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center's parameters. Real property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Real property taxes received in calendar year 2018 were levied after April 1, 2017, on the assessed value listed as of January 1, 2017, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2018 represents collections of calendar year 2017 taxes. Public utility real and tangible personal property taxes received in calendar year 2018 became a lien December 31, 2016, were levied after April 1, 2017, and are collected in calendar year 2018 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Center receives property taxes from Portage and Summit Counties. The County Auditor and Fiscal Officer periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2018, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance in the general fund was $1,446,268 at June 30, 2018, and $1,363,664 at June 30, 2017. The difference was in the timing and collection by the Portage and Summit County Auditors.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2017 Second Half Collections		2018 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$1,810,491,800	77.44 %	$1,825,994,210	76.53 %
Commercial/Industrial/Public Utility	416,506,200	17.82	440,154,940	18.45
Tangible Personal Property:				
Public Utility	110,907,390	4.74	119,726,380	5.02
Total	$2,337,905,390	100.00 %	$2,385,875,530	100.00 %
Tax rate per $1,000 of assessed valuation	$4.00		$4.00	

Tax Abatements

The Center's property taxes were reduced as follows under community reinvestment area and enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2018 Taxes Abated
Community Reinvestment Areas:	
City of Tallmadge	$14,275
Suffield Township	391
Total	$14,666
Enterprise Zone Tax Exemptions:	
City of Streetsboro	$26,184
Brimfield Township	12,806
City of Ravenna	1,915
Total	$40,905

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 6/30/17	Additions	Reductions	Balance 6/30/18
Governmental Activities:				
Capital assets not being depreciated				
Land	$140,600	$0	$0	$140,600
Construction in progress	253,011	1,429,523	(1,682,534)	0
Total capital assets not being depreciated	393,611	1,429,523	(1,682,534)	140,600
Capital assets being depreciated				
Buildings and improvements	22,372,848	1,694,502	0	24,067,350
Furniture, fixtures and equipment	3,324,484	255,057	(129,442)	3,450,099
Vehicles	565,549	52,471	(33,885)	584,135
Total capital assets being depreciated	26,262,881	2,002,030	(163,327)	28,101,584
Accumulated depreciation				
Buildings and improvements	(11,434,225)	(1,675,368)	0	(13,109,593)
Furniture, fixtures and equipment	(2,628,126)	(194,327)	112,845	(2,709,608)
Vehicles	(325,904)	(62,310)	29,803	(358,411)
Total accumulated depreciation	(14,388,255)	(1,932,005) *	142,648	(16,177,612)
Capital assets being depreciated, net	11,874,626	70,025	(20,679)	11,923,972
Governmental activities capital assets, net	$12,268,237	$1,499,548	($1,703,213)	$12,064,572

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$60,329
Vocational	1,742,326
Adult/Continuing	11,239
Support Services:	
Pupil	11,085
Instructional Staff	22,738
Board of Education	1,442
Administration	8,022
Fiscal	2,972
Operation and Maintenance of Plant	22,480
Pupil Transportation	14,559
Operation of Non-Instructional Services	30,375
Operation of Food Services	4,438
Total Depreciation Expense	$1,932,005

Note 11 – Assets Held for Resale

Assets held for resale represents home lots purchased by and donated to the Center, which will be sold with student-built houses. At June 30, 2018, the Center had two lots held for resale with a value of $16,800.

Note 12 – Risk Management

Property and Liability Insurance

The Center maintains comprehensive insurance coverage with a private carrier, Hylant Administrative Services, LLC. Hylant Administrative Services is the insurer for the Ohio School Plan, an insurance pool of approximately 300 members. Real property, building contents and vehicles are also maintained with Hylant Administrative Services and the Ohio School Plan. Payments for coverages are made directly to Hylant Administrative Services. Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Workers' Compensation

For fiscal year 2018, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, A Sedgwick CMS Company, provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The Center is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 22), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the Center were to withdraw from the pool. If the reserve would not cover such claims, the Center would be liable for any costs above the reserve.

Note 13 – Defined Benefit Pension Plans

Net Pension Liability/Net OPEB Liability

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services.

Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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 Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2018, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The Center's contractually required contribution to SERS was $211,788 for fiscal year 2018. Of this amount $3,767 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The Center's licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to 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, 2018, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. The fiscal year 2018 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $645,338 for fiscal year 2018. Of this amount $75,306 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.04777110%	0.04206433%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.04621090%	0.04259038%	
Change in Proportionate Share	-0.00156020%	0.00052605%	
Proportionate Share of the Net Pension Liability	$2,760,999	$10,117,436	$12,878,435
Pension Expense	($119,111)	($3,979,431)	($4,098,542)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$118,824	$390,688	$509,512
Changes of Assumptions	142,773	2,212,794	2,355,567
Changes in Proportionate Share and Difference between			
Center Contributions and Proportionate Share of Contributions	80,164	121,342	201,506
Center Contributions Subsequent to the Measurement Date	211,788	645,338	857,126
Total Deferred Outflows of Resources	$553,549	$3,370,162	$3,923,711
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$0	$81,543	$81,543
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	13,106	333,887	346,993
Changes in Proportionate Share and Difference between			
Center Contributions and Proportionate Share of Contributions	116,315	281,079	397,394
Total Deferred Inflows of Resources	$129,421	$696,509	$825,930

$857,126 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	$90,999	$382,463	$473,462
2020	165,451	836,663	1,002,114
2021	20,254	602,109	622,363
2022	(64,364)	207,080	142,716
Total	$212,340	$2,028,315	$2,240,655

Actuarial Assumptions – SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's Proportionate Share of the Net Pension Liability	$3,831,549	$2,760,999	$1,864,195

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2017. The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2017. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2017.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's Proportionate Share of the Net Pension Liability	$14,503,000	$10,117,436	$6,423,256

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2018, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability.

Plan Description – School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2018, 0.5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2018, this amount was $23,700. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2018, the Center's surcharge obligation was $14,025.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $21,869 for fiscal year 2018. Of this amount $14,165 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability Prior Measurement Date	0.04689280%	0.04206433%	
Proportion of the Net OPEB Liability Current Measurement Date	0.04545950%	0.04259038%	
Change in Proportionate Share	-0.00143330%	0.00052605%	
Proportionate Share of the Net OPEB Liability	$1,220,014	$1,661,719	$2,881,733
OPEB Expense	$58,900	($503,049)	($444,149)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$0	$95,925	$95,925
Changes in Proportionate Share and Difference between Center Contributions and Proportionate Share of Contributions	0	24,115	24,115
Center Contributions Subsequent to the Measurement Date	21,869	0	21,869
Total Deferred Outflows of Resources	$21,869	$120,040	$141,909
Deferred Inflows of Resources			
Changes of Assumptions	$115,773	$133,857	$249,630
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	3,222	71,026	74,248
Changes in Proportionate Share and Difference between Center Contributions and Proportionate Share of Contributions	38,365	0	38,365
Total Deferred Inflows of Resources	$157,360	$204,883	$362,243

$21,869 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2019	($56,652)	($20,059)	($76,711)
2020	(56,652)	(20,059)	(76,711)
2021	(43,250)	(20,059)	(63,309)
2022	(806)	(20,059)	(20,865)
2023	0	(2,303)	(2,303)
Thereafter	0	(2,304)	(2,304)
Total	($157,360)	($84,843)	($242,203)

Actuarial Assumptions – SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.56 percent
Prior Measurement Date	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.63 percent
Prior Measurement Date	2.98 percent
Medical Trend Assumption:	
Medicare	5.50 to 5.00 percent
Pre-Medicare	7.50 to 5.00 percent

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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

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

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Center's Proportionate Share of the Net OPEB Liability	$1,473,322	$1,220,014	$1,019,329

	1% Decrease (6.5% decreasing to 4.0%)	Current Trend Rate (7.5% decreasing to 5.0%)	1% Increase (8.5% decreasing to 6.0%)
Center's Proportionate Share of the Net OPEB Liability	$989,950	$1,220,014	$1,524,507

Actuarial Assumptions – STRS

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017
Blended Discount Rate of Return	4.13 percent
Health Care Cost Trends	6 to 11 percent initial, 4.5 percent ultimate

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

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

MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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

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

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Center's Proportionate Share of the Net OPEB Liability	$2,230,832	$1,661,719	$1,211,935

	1% Decrease	Current Trend Rate	1% Increase
Center's Proportionate Share of the Net OPEB Liability	$1,154,491	$1,661,719	$2,329,291

Note 15 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Classified employees' vacation that is accrued in one fiscal year must be used by the end of the following fiscal year. Administrators may accrue a maximum of ten days of vacation time from one year to the next. Administrators, other than the Superintendent, may be paid annually for up to five days of unused vacation time in excess of the ten days maximum accrual. The Superintendent may be paid annually for up to ten days of unused vacation time in excess of the ten days maximum accrual. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to fifty percent of accumulated sick days not to exceed 170 days. The total maximum payment is for 85 days.

Note 16 – Long-Term Obligations

The changes in the Center's long-term obligations during fiscal year 2018 were as follows:

	Amount Outstanding 06/30/17	Additions	Reductions	Amount Outstanding 06/30/18	Amount Due in One Year
Governmental Activities					
Net Pension Liability:					
SERS	$3,496,404	$0	($735,405)	$2,760,999	$0
STRS	14,080,199	0	(3,962,763)	10,117,436	0
Total Net Pension Liability	17,576,603	0	(4,698,168)	12,878,435	0
Net OPEB Liability:					
SERS	1,336,618	0	(116,604)	1,220,014	0
STRS	2,249,611	0	(587,892)	1,661,719	0
Total Net OPEB Liability	3,586,229	0	(704,496)	2,881,733	0
Compensated Absences	1,152,580	71,228	(76,337)	1,147,471	74,474
Total Governmental Activities Long-Term Liabilities	$22,315,412	$71,228	($5,479,001)	$16,907,639	$74,474

There is no repayment schedule for the net pension liability and the net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: the general fund, the food service, adult education, adult basic education, and vocational education special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 13 and 14. Compensated absences will be paid from the general fund and the food service and adult education special revenue funds.

The Center's overall legal debt margin was $214,728,798 with an unvoted debt margin of $2,385,876 at June 30, 2018.

Note 17 – Operating Lease

During fiscal year 2017, the Center entered into an operating lease with Lake Business Products for ten copiers. The Center paid $27,015 for the lease in fiscal year 2018. The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2018:

Fiscal Year	Amount
2019	$27,015
2020	27,015
2021	27,015
Total	$81,045

Note 18 – Contingencies

Grants

The Center received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2018, if applicable, cannot be determined at this time.

Foundation Funding

Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2018 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2018 financial statements is not determinable at this time. Management believes this may result in either an additional receivable to or liability of the Center.

Litigation

The Center is not party to legal proceedings as of June 30, 2018.

Note 19 – Interfund Balances

Interfund balances at June 30, 2018, consisted of the following:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Adult Education	$150,500
Adult Basic Education	50,000
Vocational Education	70,000
Improving Teacher Quality	628
Miscellaneous Federal Grants	108,671
Total	$379,799

Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid.

Note 20 – Set-Asides

The Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2018, all funds placed in the budget stabilization fund since its inception in 1998 continue to be set-aside.

The following cash basis information describes the change in the fiscal year end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization	Capital Improvements
Set-Aside Balance as of June 30, 2017	$223,362	$0
Current Year Set-Aside Requirement	0	102,443
Qualifying Disbursements	0	(102,443)
Total	$223,362	$0
Set-Aside Balance Carried Forward to Future Fiscal Years	$223,362	$0
Set-Aside Balance as of June 30, 2018	$223,362	$0

The total balance for the two set-asides at the end of the fiscal year was $223,362.

Note 21 – Jointly Governed Organization

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONet) is the computer service organization or Data Acquisition Site (DAS) used by the Center. NEONet is a jointly governed organization among twenty-three school districts, three career centers, and the Summit and Medina County Educational Service Centers. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The Career Center does not retain an ongoing financial interest or an ongoing financial responsibility in NEONet. During the current fiscal year, the Career Center made $119,854 in payments to NEONet. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, OH 44221.

Note 22 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area Schools Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting mainly of school districts within Portage County, while also including school districts in other northeast and southeast Ohio counties. The Consortium is a stand-alone entity, composed of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 23 – Significant Commitments

Contractual Commitments

The Center had the following contractual commitments outstanding at June 30, 2018:

Project	Contract Amount	Amount Paid	Remaining on Contract
HVAC Building Controls	$95,991	$0	$95,991
Playground Renovation	100,289	0	100,289
Total	$196,280	$0	$196,280

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to ensure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	$1,197,441
Other Governmental Funds	36,814
Total Governmental Funds	$1,234,255

Required Supplementary Information

Maplewood Career Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2018	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.0462109%	0.0477711%	0.0447851%	0.0472210%	0.0472210%
Center's Proportionate Share of the Net Pension Liability	$2,760,999	$3,496,404	$2,555,481	$2,389,827	$2,808,081
Center's Covered Payroll	$1,475,507	$1,489,814	$1,346,671	$1,373,643	$1,411,725
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.12%	234.69%	189.76%	173.98%	198.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center

Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Two Fiscal Years (1) **

	2018	2017
Center's Proportion of the Net OPEB Liability	0.0454595%	0.0468928%
Center's Proportionate Share of the Net OPEB Liability	$1,220,014	$1,336,618
Center's Covered Payroll	$1,475,507	$1,489,814
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	82.68%	89.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center

Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2018	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.04259038%	0.04206433%	0.04337660%	0.04381959%	0.04381959%
Center's Proportionate Share of the Net Pension Liability	$10,117,436	$14,080,199	$11,988,023	$10,658,441	$12,696,265
Center's Covered Payroll	$4,700,086	$4,504,000	$4,471,936	$4,500,907	$4,767,469
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	215.26%	312.62%	268.07%	236.81%	266.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Liability

State Teachers Retirement System of Ohio

*Last Two Fiscal Years (1) **

	2018	2017
Center's Proportion of the Net OPEB Liability	0.04259038%	0.04206433%
Center's Proportionate Share of the Net OPEB Liability	$1,661,719	$2,249,611
Center's Covered Payroll	$4,700,086	$4,504,000
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.36%	49.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

Maplewood Career Center
Required Supplementary Information
Schedule of the Center's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$211,788	$206,571	$208,574	$177,491
Contributions in Relation to the Contractually Required Contribution	(211,788)	(206,571)	(208,574)	(177,491)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$1,568,800	$1,475,507	$1,489,814	$1,346,671
Pension Contributions as a Percentage of Covered Payroll	13.50%	14.00%	14.00%	13.18%
Net OPEB Liability				
Contractually Required Contribution (2)	$21,869	$18,144	$17,215	$24,908
Contributions in Relation to the Contractually Required Contribution	(21,869)	(18,144)	(17,215)	(24,908)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.39%	1.23%	1.16%	1.85%
Total Contributions as a Percentage of Covered Payroll (2)	14.89%	15.23%	15.16%	15.03%

(1) The Center's covered payroll is the same for Pension and OPEB.
(2) Includes surcharge

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$190,387	$195,383	$194,140	$178,324	$186,614	$130,515
(190,387)	(195,383)	(194,140)	(178,324)	(186,614)	(130,515)
$0	$0	$0	$0	$0	$0
$1,373,643	$1,411,725	$1,443,417	$1,418,645	$1,378,239	$1,326,370
13.86%	13.84%	13.45%	12.57%	13.54%	9.84%
$14,440	$14,825	$27,972	$39,506	$26,808	$74,832
(14,440)	(14,825)	(27,972)	(39,506)	(26,808)	(74,832)
$0	$0	$0	$0	$0	$0
1.05%	1.05%	1.94%	2.78%	1.95%	5.64%
14.91%	14.89%	15.39%	15.35%	15.49%	15.48%

Maplewood Career Center

Required Supplementary Information
Schedule of the Center's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2018	2017	2016	2015
Net Pension Liability				
Contractually Required Contribution	$645,338	$658,012	$630,560	$626,071
Contributions in Relation to the Contractually Required Contribution	(645,338)	(658,012)	(630,560)	(626,071)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$4,609,557	$4,700,086	$4,504,000	$4,471,936
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The Center's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2014	2013	2012	2011	2010	2009
$585,118	$619,771	$665,640	$660,085	$647,394	$629,951
(585,118)	(619,771)	(665,640)	(660,085)	(647,394)	(629,951)
$0	$0	$0	$0	$0	$0
$4,500,907	$4,767,469	$5,120,308	$5,077,577	$4,979,954	$4,845,777
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
$45,009	$47,675	$51,203	$50,776	$49,800	$48,458
(45,009)	(47,675)	(51,203)	(50,776)	(49,800)	(48,458)
$0	$0	$0	$0	$0	$0
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

For fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 and prior are presented as follows:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Amounts reported for fiscal year 2018 incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

For fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:	
Fiscal Year 2018	3.56 percent
Fiscal Year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63 percent
Fiscal Year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long-term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Also for fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.

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700 Chase Tower
Canton, Ohio 44702-1509
(330) 438-0617 or (800) 443-9272
EastRegion@ohioauditor.gov

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

Maplewood Career Center
Portage County
7075 State Route 88
Ravenna, Ohio 44266

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, (the Center) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 6, 2019 wherein we noted the District adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.*

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State

Columbus, Ohio

December 6, 2019

OHIO AUDITOR OF STATE
KEITH FABER

MAPLEWOOD CAREER CENTER

PORTAGE 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
DECEMBER 24, 2019