POLARIS CAREER CENTER
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2015

Dave Yost • Auditor of State

POLARIS CAREER CENTER
CUYAHOGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio (the Center), as of and for the year ended June 30, 2015, 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 opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Center adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. 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 liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016, 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.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 24, 2016

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The discussion and analysis of the Polaris Career Center's (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2015. 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

- The phase out of the tangible personal property reimbursement has decreased revenues.

- The Center's enrollment has stabilized, but State funding has not increased in proportion, as the Center is on the transitional aid guarantee. This guarantee provides a level of funding that does not increase with increased enrollment.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 and 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.

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 2015?" The Statement of Net Position and the Statement of Activities answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the Center is divided into two distinct kinds of activities:

- Governmental Activities - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

- Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided.

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds: Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Center's general government operations and the basic services it provides. Governmental fund information helps to 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.

Proprietary Funds: Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the Center as a whole.

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 Trustee

The Center is a trustee or fiduciary for several programs. These activities are presented as a private purpose trust fund. 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 included in the governmental activities. The Center also acts as an agent for individuals. These activities are reported in an agency fund.

The Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2015 compared to 2014.

(Table 1)
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Assets						
Current and Other Assets	$18,378,619	$18,632,892	$1,963,696	$1,628,193	$20,342,315	$20,261,085
Capital Assets, Net	6,381,985	6,794,649	28,685	41,235	6,410,670	6,835,884
Total Assets	24,760,604	25,427,541	1,992,381	1,669,428	26,752,985	27,096,969
Deferred Outflows of Resources	1,687,740	1,479,123	97,756	85,673	1,785,496	1,564,796
Liabilities						
Current and Other Liabilities	1,291,571	1,319,761	72,053	79,876	1,363,624	1,399,637
Long Term Liabilities:						
Due Within One Year	1,207,508	1,369,294	87,803	123,083	1,295,311	1,492,377
Due in More than One Year						
Net Pension Liability	20,461,393	21,574,244	1,185,148	1,249,606	21,646,541	22,823,850
Other Amounts	2,481,470	2,780,656	72,702	10,814	2,554,172	2,791,470
Total Liabilities	25,441,942	27,043,955	1,417,706	1,463,379	26,859,648	28,507,334
Deferred Inflows of Resources						
Property Taxes	7,452,324	7,192,990	0	0	7,452,324	7,192,990
Pension	3,673,624	0	212,781	0	3,886,405	0
Total Deferred Inflows of Resources	11,125,948	7,192,990	212,781	0	11,338,729	7,192,990
Net Position						
Net Investment in Capital Assets	1,710,616	4,156,953	28,685	41,235	1,739,301	4,198,188
Restricted:						
Capital Projects	0	125,146	0	0	0	125,146
Set Asides	0	241,244	0	0	0	241,244
Other Purposes	0	70,761	0	0	0	70,761
Unrestricted	(11,830,162)	(11,924,405)	430,965	250,487	(11,399,197)	(11,673,918)
Total Net Position	($10,119,546)	($7,330,301)	$459,650	$291,722	($9,659,896)	($7,038,579)

During 2015, the Center adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

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

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

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

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

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

As a result of implementing GASB 68, the Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $14,220,475 to ($7,038,579).

(Table 2)
Changes in Net Position

	Governmental		Business-Type		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Program Revenues						
Charges for Services	$199,834	$127,816	$2,822,922	$2,881,885	$3,022,756	$3,009,701
Operating Grants	725,585	782,334	419,644	373,468	1,145,229	1,155,802
Total Program Revenues	925,419	910,150	3,242,566	3,255,353	4,167,985	4,165,503
General Revenues:						
Property Taxes	8,738,109	9,718,262	0	0	8,738,109	9,718,262
Grant and Entitlements not Restricted to Specific Programs	3,975,325	3,920,337	0	0	3,975,325	3,920,337
Investment Earnings	49,749	34,533	0	0	49,749	34,533
Other	232,734	177,079	2,789	7,640	235,523	184,719
Total General Revenues	12,995,917	13,850,211	2,789	7,640	12,998,706	13,857,851
Total Revenues	13,921,336	14,760,361	3,245,355	3,262,993	17,166,691	18,023,354
Program Expenses						
Instruction:						
Vocational	7,150,239	6,215,254	0	0	7,150,239	6,215,254
Adult/Continuing	250,796	243,095	0	0	250,796	243,095
Support Services:						
Pupil	2,142,810	1,567,574	0	0	2,142,810	1,567,574
Instructional Staff	1,706,739	1,496,611	0	0	1,706,739	1,496,611
Board of Education	116,736	135,109	0	0	116,736	135,109
Administration	1,221,424	922,631	0	0	1,221,424	922,631
Fiscal	717,159	643,866	0	0	717,159	643,866
Business	116,814	114,683	0	0	116,814	114,683
Operation and Maintenance of Plant	2,042,760	1,449,831	0	0	2,042,760	1,449,831
Pupil Transportation	45,684	16,913	0	0	45,684	16,913
Central	1,053,555	1,106,509	0	0	1,053,555	1,106,509
Extracurricular Activities	71,153	61,666	0	0	71,153	61,666
Interest and Fiscal Charges	74,712	83,812	0	0	74,712	83,812
Uniform School Supplies	0	0	108,782	106,784	108,782	106,784
Customer Services	0	0	289,128	270,946	289,128	270,946
Adult and Community Education	0	0	2,679,517	2,855,369	2,679,517	2,855,369
Total Expenses	16,710,581	14,057,554	3,077,427	3,233,099	19,788,008	17,290,653
Increase (Decrease) in Net Position before Transfers	(2,789,245)	702,807	167,928	29,894	(2,621,317)	732,701
Transfers	0	(11,977)	0	11,977	0	0
Changes in Net Position	(2,789,245)	690,830	167,928	41,871	(2,621,317)	732,701
Net Position Beginning of Year	(7,330,301)	N/A	291,722	N/A	(7,038,579)	N/A
Net Position End of Year	($10,119,546)	($7,330,301)	$459,650	$291,722	($9,659,896)	($7,038,579)

Analysis of Overall Financial Position and Results of Operation

Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Governmental Activities

Programs	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
Instruction:				
Vocational	$7,150,239	($6,847,549)	$6,215,254	($5,911,998)
Adult/Continuing	250,796	(34,243)	243,095	(17,122)
Support Services:				
Pupil	2,142,810	(2,048,669)	1,567,574	(1,470,168)
Instructional Staff	1,706,739	(1,513,537)	1,496,611	(1,274,047)
Board of Education	116,736	(114,926)	135,109	(133,772)
Administration	1,221,424	(1,206,078)	922,631	(913,572)
Fiscal	717,159	(706,052)	643,866	(637,504)
Business	116,814	(115,004)	114,683	(113,549)
Operation and Maintenance of Plant	2,042,760	(2,020,197)	1,449,831	(1,436,245)
Pupil Transportation	45,684	(44,976)	16,913	(16,746)
Central	1,053,555	(989,167)	1,106,509	(1,077,812)
Extracurricular Activities	71,153	(70,052)	61,666	(61,057)
Interest and Fiscal Charges	74,712	(74,712)	83,812	(83,812)
Total Expenses	$16,710,581	($15,785,162)	$14,057,554	($13,147,404)

The Center's Funds

As previously stated, governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenue of $14,066,892 a slight decrease from the prior fiscal year, and expenditures of $14,407,881 a slight decrease from the prior fiscal year. The overall fund balance decreased in 2015.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the Center amended its general fund budget monthly as defined by individual team needs. The Center uses an electronic budgeting process to submit requests for inclusion in the June appropriation submission to the Board.

The final general fund appropriations were $15,915,782, and the actual expenditures amounted to $13,689,161.

Capital Assets

At the end of fiscal year 2015 the Center had $6,410,670 invested in land, buildings and improvements, furniture and equipment, and vehicles. $6,381,985 was in governmental activities. Table 4 shows fiscal year 2015 balances compared to 2014.

(Table 4)
Capital Assets at June 30, 2014
(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	$261,490	$261,490	$0	$0	$261,490	$261,490
Buildings and Improvements	4,531,448	4,848,952	0	0	4,531,448	4,848,952
Furniture and Equipment	1,553,006	1,684,207	28,685	41,235	1,581,691	1,725,442
Vehicles	36,041	0	0	0	36,041	0
Total	$6,381,985	$6,794,649	$28,685	$41,235	$6,410,670	$6,835,884

Please see Note 10 for more information.

Debt

During fiscal year 2015, the Center had $2,319,213 in a capital lease obligation, with $327,852 due within one year. See Note 14 of the basic financial statements for additional information on debt.

Center Outlook

The biggest source of revenue for the Center is the local property taxes. Property devaluations over the past seven years have kept this line relatively flat. The recent reappraisal should start to reflect property values that are very slowly starting to rebound and will offer very minimal growth over the next five years.

The Center continues to be fiscally responsible and changes in expenditures have been aggressively managed over the past two years to ensure that we continue to avoid a deficit spending.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers 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 any questions about this report or need additional information, contact Mike Robinson, Treasurer, Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130 or e-mail at mrobinso@polaris.edu.

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Polaris Career Center

Statement of Net Position

June 30, 2015

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	$8,842,173	$1,963,545	$10,805,718
Accrued Interest Receivable	3,500	0	3,500
Accounts Receivable	3,340	151	3,491
Intergovernmental Receivable	43,395	0	43,395
Materials and Supplies Inventory	26,260	0	26,260
Property Taxes Receivable	9,459,951	0	9,459,951
Nondepreciable Capital Assets	261,490	0	261,490
Depreciable Capital Assets, Net	6,120,495	28,685	6,149,180
Total Assets	24,760,604	1,992,381	26,752,985
Deferred Outflows of Resources	1,687,740	97,756	1,785,496
Liabilities			
Accounts Payable	49,829	3,569	53,398
Accrued Wages and Benefits Payable	894,095	55,299	949,394
Intergovernmental Payable	153,065	13,185	166,250
Matured Compensated Absences Payable	194,332	0	194,332
Matured Interest Payable	250	0	250
Long-Term Liabilities:			
Due Within One Year	1,207,508	87,803	1,295,311
Due in More Than One Year:			
Net Pension Liability (See Note 11)	20,461,393	1,185,148	21,646,541
Other Amounts Due in More Than one Year	2,481,470	72,702	2,554,172
Total Liabilities	25,441,942	1,417,706	26,859,648
Deferred Inflows of Resources			
Property Taxes	7,452,324	0	7,452,324
Pension	3,673,624	212,781	3,886,405
Total Deferred Inflows of Resources	11,125,948	212,781	11,338,729
Net Postion			
Net Investment in Capital Assets	1,710,616	28,685	1,739,301
Unrestricted	(11,830,162)	430,965	(11,399,197)
Total Net Position	($10,119,546)	$459,650	($9,659,896)

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Activities

For the Fiscal Year Ended June 30, 2015

		Program Revenues	
	Expenses	Charges for Services	Operating Grants, Contributions and Interest
Governmental Activities			
Instruction:			
Vocational	$7,150,239	$88,077	$214,613
Adult/Continuing	250,796	0	216,553
Support Services:			
Pupil	2,142,810	20,597	73,544
Instructional Staff	1,706,739	21,355	171,847
Board of Education	116,736	1,810	0
Administration	1,221,424	15,346	0
Fiscal	717,159	11,107	0
Business	116,814	1,810	0
Operation and Maintenance of Plant	2,042,760	22,563	0
Pupil Transportation	45,684	708	0
Central	1,053,555	15,360	49,028
Extracurricular Activities	71,153	1,101	0
Interest and Fiscal Charges	74,712	0	0
Total Governmental Activities	16,710,581	199,834	725,585
Business-Type Activities			
Uniform School Supplies	108,782	114,657	0
Customer Services	289,128	273,014	0
Adult and Community Education	2,679,517	2,435,251	419,644
Total Business-Type Activities	3,077,427	2,822,922	419,644
Totals	$19,788,008	$3,022,756	$1,145,229

General Revenues

Property Taxes Levied for General Purposes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Other

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Postion

Net Postion Beginning of Year - Restated

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
($6,847,549)	$0	($6,847,549)
(34,243)	0	(34,243)
(2,048,669)	0	(2,048,669)
(1,513,537)	0	(1,513,537)
(114,926)	0	(114,926)
(1,206,078)	0	(1,206,078)
(706,052)	0	(706,052)
(115,004)	0	(115,004)
(2,020,197)	0	(2,020,197)
(44,976)	0	(44,976)
(989,167)	0	(989,167)
(70,052)	0	(70,052)
(74,712)	0	(74,712)
(15,785,162)	0	(15,785,162)
0	5,875	5,875
0	(16,114)	(16,114)
0	175,378	175,378
0	165,139	165,139
(15,785,162)	165,139	(15,620,023)
8,738,109	0	8,738,109
3,975,325	0	3,975,325
49,749	0	49,749
232,734	2,789	235,523
12,995,917	2,789	12,998,706
0	0	0
12,995,917	2,789	12,998,706
(2,789,245)	167,928	(2,621,317)
(7,330,301)	291,722	(7,038,579)
($10,119,546)	$459,650	($9,659,896)

Polaris Career Center

Balance Sheet

Governmental Funds

June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$8,766,167	$76,006	$8,842,173
Accounts Receivable	3,340	0	3,340
Intergovernmental Receivable	0	43,395	43,395
Accrued Interest Receivable	3,500	0	3,500
Materials and Supplies Inventory	26,260	0	26,260
Property Taxes Receivable	9,459,951	0	9,459,951
Total Assets	$18,259,218	$119,401	$18,378,619
Liabilities			
Accounts Payable	$46,501	$3,328	$49,829
Accrued Wages and Benefits Payable	892,845	1,250	894,095
Intergovernmental Payable	151,674	1,391	153,065
Matured Compensated Absences Payable	194,332	0	194,332
Matured Interest Payable	0	250	250
Total Liabilities	1,285,352	6,219	1,291,571
Deferred Inflows of Resources			
Property Taxes	7,452,324	0	7,452,324
Unavailable Revenue	502,901	106	503,007
Total Deferred Inflows of Resources	7,955,225	106	7,955,331
Fund Balances			
Nonspendable	26,260	0	26,260
Assigned	2,620,799	114,057	2,734,856
Unassigned (Deficit)	6,371,582	(981)	6,370,601
Total Fund Balances	9,018,641	113,076	9,131,717
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$18,259,218	$119,401	$18,378,619

See accompanying notes to the basic financial statements

Polaris Career Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances		$9,131,717
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,381,985
Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenues in the funds.		
Delinquent Property Taxes	502,901	
Intergovernmental	106	
Total		503,007
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital Leases	(2,319,213)	
Compensated Absences	(1,369,765)	
Total		(3,688,978)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outlfows are not reported in governmental funds:		
Deferred Outflows - Pension	1,687,740	
Deferred Inflows - Pension	(3,673,624)	
Net Pension Liability	(20,461,393)	
		(22,447,277)
Net Position of Governmental Activities		($10,119,546)

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$8,824,753	$0	$8,824,753
Intergovernmental	3,975,325	784,497	4,759,822
Interest	49,749	0	49,749
Tuition and Fees	83,573	0	83,573
Rentals	116,261	0	116,261
Miscellaneous	232,734	0	232,734
Total Revenues	13,282,395	784,497	14,066,892
Expenditures			
Current:			
Instruction:			
Vocational	5,822,177	212,554	6,034,731
Adult/Continuing	0	250,796	250,796
Support Services:			
Pupil	1,328,293	77,495	1,405,788
Instructional Staff	1,341,404	210,628	1,552,032
Board of Education	116,736	0	116,736
Administration	1,014,844	0	1,014,844
Fiscal	752,216	0	752,216
Business	116,482	0	116,482
Operation and Maintenance of Plant	1,376,008	0	1,376,008
Pupil Transportation	45,684	0	45,684
Central	1,052,281	46,680	1,098,961
Extracurricular Activities	71,153	0	71,153
Capital Outlay	168,166	11,089	179,255
Debt Service:			
Principal Retirement	318,483	0	318,483
Interest and Fiscal Charges	74,712	0	74,712
Total Expenditures	13,598,639	809,242	14,407,881
Excess of Revenues Under Expenditures	(316,244)	(24,745)	(340,989)
Other Financing Sources			
Sale of Capital Assets	1,148	0	1,148
Net Change in Fund Balances	(315,096)	(24,745)	(339,841)
Fund Balances Beginning of Year	9,333,737	137,821	9,471,558
Fund Balances End of Year	$9,018,641	$113,076	$9,131,717

See accompanying notes to the basic financial statements

Polaris 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, 2015

Net Change in Fund Balances -Total Governmental Funds		($339,841)
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 Asset Additions	41,131	
Current Year Depreciation	(452,647)	
Total		(411,516)
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.		(1,148)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(86,644)	
Intergovernmental	(58,912)	
Total		(145,556)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		318,483
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		142,489
Contractually required contributions are reported as expenditures in governmental fund; however, the statement of net position reports thses amounts as deferred outflows.		1,496,252
Except for amounts reported as deferrd inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(3,848,408)
Change in Net Position of Governmental Activities		($2,789,245)

See accompanying notes to the basic financial statements

Polaris 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, 2015

	Budgeted Amounts			Variance with Final Budget Positve (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$8,866,356	$9,183,040	$9,178,146	($4,894)
Intergovernmental	3,804,543	3,968,000	3,975,325	7,325
Interest	44,000	44,000	55,676	11,676
Tuition and Fees	89,200	89,200	83,573	(5,627)
Rentals	96,000	96,000	116,261	20,261
Miscellaneous	75,000	173,000	234,444	61,444
Total Revenues	12,975,099	13,553,240	13,643,425	90,185
Expenditures				
Current:				
Instruction:				
Vocational	6,954,633	6,661,567	5,882,458	779,109
Support Services:				
Pupil	1,814,908	1,852,339	1,391,550	460,789
Instructional Staff	1,463,569	1,534,706	1,270,085	264,621
Board of Education	348,118	309,582	126,029	183,553
Administration	1,073,022	983,877	982,759	1,118
Fiscal	751,425	853,760	751,991	101,769
Business	132,402	132,551	117,705	14,846
Operation and Maintenance of Plant	1,596,175	1,549,442	1,409,652	139,790
Pupil Transportation	10,526	53,526	43,947	9,579
Central	1,267,232	1,324,960	1,078,739	246,221
Extracurricular Activities	46,772	77,472	72,885	4,587
Capital Outlay	63,805	188,805	168,166	20,639
Debt Service				
Principal	318,483	318,483	318,483	0
Interest	74,712	74,712	74,712	0
Total Expenditures	15,915,782	15,915,782	13,689,161	2,226,621
Excess of Revenues Under Expenditures	(2,940,683)	(2,362,542)	(45,736)	2,316,806
Other Financing Sources				
Sale of Capital Assets	2,500	2,500	1,148	(1,352)
Advances In	4,000	4,000	1,311	(2,689)
Total Other Financing Sources	6,500	6,500	2,459	(4,041)
Net Change in Fund Balances	(2,934,183)	(2,356,042)	(43,277)	2,312,765
Fund Balance Beginning of Year	8,503,672	8,503,672	8,503,672	0
Prior Year Encumbrances Appropriated	193,782	193,782	193,782	0
Fund Balance End of Year	$5,763,271	$6,341,412	$8,654,177	$2,312,765

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-Type Activites - Enterprise Funds		
	Adult and Community Education	Non-Major Enterprise Funds	Total
Assets			
Current Assets			
Equity in Pooled Cash and Cash Equivalents	$1,786,813	$176,732	$1,963,545
Accounts Receivable	45	106	151
Total Current Assets	1,786,858	176,838	1,963,696
Noncurrent Assets			
Depreciable Capital Assets, Net	21,412	7,273	28,685
Total Assets	1,808,270	184,111	1,992,381
Deferred Outflows of Resources	97,756	0	97,756
Liabilities			
Current Liabilities			
Accounts Payable	2,273	1,296	3,569
Accrued Wages and Benefits Payable	55,299	0	55,299
Intergovernmental Payable	13,185	0	13,185
Compensated Absences Payable	87,803	0	87,803
Total Current Liabilities	158,560	1,296	159,856
Long-Term Liabilities			
Compensated Absences Payable	72,702	0	72,702
Pension Liability	1,185,148	0	1,185,148
Total Long-Term Liabilities	1,257,850	0	1,257,850
Total Liabilities	1,416,410	1,296	1,417,706
Deferred Inflows	212781	0	212781
Net Position			
Investment in Capital Assets	21,412	7,273	28,685
Unrestricted	255,423	175,542	430,965
Total Net Position	$276,835	$182,815	459,650

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Adult and Community Education	Nonmajor Enterprise Funds	Totals
Operating Revenues			
Charges for Services	$0	$261,254	$261,254
Tuition and Fees	2,435,251	11,760	2,447,011
Sales	0	114,657	114,657
Miscellaneous	0	1,049	1,049
Total Operating Revenues	2,435,251	388,720	2,823,971
Operating Expenses			
Salaries	1,687,823	0	1,687,823
Fringe Benefits	454,729	0	454,729
Purchased Services	240,371	0	240,371
Materials and Supplies	281,974	372,870	654,844
Depreciation	9,751	2,799	12,550
Other	4,869	22,241	27,110
Total Operating Expenses	2,679,517	397,910	3,077,427
Operating Income (Loss)	(244,266)	(9,190)	(253,456)
Non-Operating Revenues			
Federal and State Subsidies	419,644	0	419,644
Other	0	1,740	1,740
Total Non-Operating Revenues	419,644	1,740	421,384
Change in Net Position	175,378	(7,450)	167,928
Net Position Beginning of Year	101,457	190,265	291,722
Net Position End of Year	$276,835	$182,815	$459,650

See accompanying notes to the basic financial statements

Polaris Career Center
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Adult and Community Education	Non-Major Enterprise Funds	Total
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities			
Cash Received from Customers	$2,438,715	$380,450	$2,819,165
Cash Received from Other Operating Revenues	0	11,760	11,760
Cash Payments to Suppliers for Goods and Services	(255,414)	(374,916)	(630,330)
Cash Payments to Employees for Services	(1,557,402)	0	(1,557,402)
Cash Payments for Employee Benefits	(457,610)	0	(457,610)
Cash Payments for Other Operating Expenses	(245,337)	(22,241)	(267,578)
Net Cash Provided by (Used for) Operating Activities	(77,048)	(4,947)	(81,995)
Cash Flows from Noncapital Financing Activities			
Federal and State Subsidies	419,644	0	419,644
Other	0	1,740	1,740
Net Cash Provided by Noncapital Financing Activities	419,644	1,740	421,384
Net Increase in Cash and Cash Equivalents	342,596	(3,207)	339,389
Cash and Cash Equivalents Beginning of Year	1,444,217	179,939	1,624,156
Cash and Cash Equivalents End of Year	$1,786,813	$176,732	$1,963,545

(continued)

Polaris Career Center

Statement of Cash Flows

Proprietary Funds (continued)

For the Fiscal Year Ended June 30, 2015

	Business-Type Activities - Enterprise Funds		
	Adult and Community Education	Non-Major Enterprise Funds	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Loss	($244,266)	($9,190)	($253,456)
Adjustments:			
Depreciation	9,751	2,799	12,550
(Increase)/Decrease in Assets:			
Accounts Receivable	3,464	422	3,886
Increase/(Decrease) in Liabilities:			
Accounts Payable	(145)	1,222	1,077
Accrued Wages and Benefits Payable	(11,083)	0	(11,083)
Long-Term Payable	162,848	0	162,848
Intergovernmental Payable	2,383	(200)	2,183
Total Adjustments	167,218	4,243	171,461
Net Cash Provided by (Used for) Operating Activities	($77,048)	($4,947)	($81,995)

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2015

	Private Purpose Trust	
	Special Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$11,163	$143,119
Liabilities		
Due to Others	0	$92,141
Due to Students	0	50,978
Total Liabilities	0	$143,119
Net Position		
Held in Trust for Scholarships	$11,163	

See accompanying notes to the basic financial statements

Polaris Career Center

Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

	Special Trust
Additions	
Contributions and Donations	$1,600
Deductions	
Scholarships Awarded	2,641
Change in Net Position	(1,041)
Net Position Beginning of Year	12,204
Net Position End of Year	$11,163

See accompanying notes to the basic financial statements

Note 1 - Description of the Center and Reporting Entity

The Polaris 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 seven members which is comprised of one board member from each of the elected boards of the participating Centers. Members serve a two year term except for one rotating member picked by the member Centers to serve a one year term. Berea City School District, Brooklyn City School District, Fairview Park City School District, North Olmsted City School District, Olmsted Falls City School District, and Strongsville City School District are the member districts. The Center employs 10 administrative and supervisory personnel, 62 certified employees and 58 non-certificated employees who provide services to 981 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 Polaris Career 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. 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 burden on, the primary government. There are no component units of the Polaris Career Center.

The Center participates in a jointly governed organization and two public entity risk pools. The jointly governed organization is the Ohio Schools Council Association and the public entity risk pools are the Ohio School Boards Association Workers' Compensation Group Rating Program and the Suburban Health Consortium. These organizations are presented in Notes 16 and 17 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. The more significant of the Center's accounting policies are described below.

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 distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type 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 and for the business-type activities of the Center. 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 business segment or 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 and enterprise 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 the categories governmental, proprietary 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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the Center's major governmental fund:

> ***General Fund*** **-** The general fund is used to account and report for 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.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The Center has no internal service funds.

> ***Enterprise Funds*** An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The Center's enterprise funds are used to account for uniform school supply operations, customer service operations, and adult and community education operations. The following is the Center's major business-type fund:
>
> > ***Adult and Community Education Fund*** – This fund is used to account for transactions made in connection with adult and community education classes.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the 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 program that provides college scholarship assistance to students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Center's agency fund is for student managed 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 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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary 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 are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the 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/outflows of resouces 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 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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. The deferred outflows of resources related to pension are explained in Note 11.

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 and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 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.

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 for all funds. Any 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 adopted.

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Investments

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

During fiscal year 2015, investments were limited to Federal Farm Credit Bureau, Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage, repurchase agreement and STAR Ohio. Nonparticipating investment contracts such as the repurchase agreement are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share, which is the price the investment could be sold for on June 30, 2015.

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 2015 amounted to $49,749 which includes $428 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 for budget stabilization. See Note 18 for additional information regarding set-asides.

Inventory

Inventories are presented at cost 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.

Capital Assets

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

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 back trending (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 fair market 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	Estimated Lives
Buildings	50 years
Building Improvements	15-30 years
Furniture 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, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

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.

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 ten years of current service with the Center.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence or employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits 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 Position

Net position represents the difference between all other elements in the statement of net 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 their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes include resources restricted for preschool.

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

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.

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 Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for 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. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represents intended uses established by the Center Board of Education or by State statute. State stature authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

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.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Center, these revenues are sales for uniform school supplies, customer services and adult education. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

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.

Pensions

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

Note 3 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2015, the Center implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension 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, 2014:

Net position June 30, 2014	$14,220,475
Adjustments:	
Net Pension Liability	(22,823,850)
Deferred Outflow - Payments Subsequent to Measurement Date	1,564,796
Restated Net Position June 30, 2014	($7,038,579)

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

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

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

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	($315,096)
Net Adjustment for Revenue Accruals	362,341
Net Adjustment for Expenditure Accruals	21,468
Encumbrances	(111,990)
Budget Basis	($43,277)

Note 5 – 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

4. Bonds and other obligations 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);

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

8. Commercial paper and bankers acceptances 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. Investments may only be made through specified dealers and institutions.

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 the possession of an outside party. At year end, $3,384,800 of the Center's bank balance of $5,134,800 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

Investments are reported at fair value. As of June 30, 2015, the Center had the following investments:

		Maturity		
Investment Type	Fair Value	Less Than 1 Year	1-2 Years	2-5 Years
Federal Home Loan Bank	$1,498,377	0	543,638	954,739
Federal National Mortgage Association Notes	1,784,970	0	339,732	1,445,238
Repurchase Agreement	840,000	840,000	0	0
Federal Farm Credit Bank Notes	294,985	0	294,985	0
US Treasury Notes	509,987	175,000	334,987	0
Federal Home Loan Mortgage Corporation Notes	978,269	0	0	978,269
STAROhio	252	252	0	0
Total Investments	$5,906,840	$1,015,252	$1,513,342	$3,378,246

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. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The Center's investment policy also states that the Center will not invest in any eligible security maturing more than two years from the date of settlement if it bears interest at a variable rate.

Credit Risk The securities underlying the repurchase agreement had a rating of AAA by Fitch. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy that addresses credit risk.

Note 6 – 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 below:

Fund Balances	General	Nonmajor Governmental Funds	Total
Nonspendable			
Inventory	$26,260	$0	$26,260
Assigned to			
Other Purposes	2,620,799	0	2,620,799
Permanent Improvements	0	114,057	114,057
Total Assigned	2,620,799	114,057	2,734,856
Unassigned (Deficit)	6,371,582	(981)	6,370,601
Total Fund Balances	$9,018,641	$113,076	$9,131,717

Note 7 - 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 located in the Center. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, 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 2015 represents collections of calendar year 2014 taxes. Public utility real taxes received in calendar year 2015 became a lien December 31, 2013, were levied after April 1, 2014 and are collected in calendar year 2015 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 Cuyahoga and Lorain Counties. The County Fiscal Officer and County Auditor periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2015, are available to finance fiscal year 2015 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 and public utility property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance in the general fund was $1,504,726 at June 30, 2015 and $1,858,119 at June 30, 2014.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$3,193,002,030	68.50 %	$3,211,759,040	68.60 %
Commercial/Industrial	1,345,479,470	28.86	1,346,859,250	28.76
Tangible Personal Property:				
Public Utility	123,301,150	2.64	123,783,510	2.64
Total	$4,661,782,650	100.00 %	$4,682,401,800	100.00 %
Tax rate per $1,000 of assessed valuation	$2.40		$2.40	

Note 8 – Receivables

Receivables at June 30, 2015, 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. All receivables except for a portion of the 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.

At June 30, 2015 the Center had an intergovernmental receivable of $16,027 in the adult basic education special revenue fund for the ABLE and EL Civics instructional grants and $27,368 in the Carl Perkins grant.

Note 9 - Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2015, the Center contracted with Travelers Insurance Company for the following insurance:

Type	Coverage
General Liability:	
Bodily Injury (Aggregate Limit)	$3,000,000
General Annual Aggregate	3,000,000
Sexual Misconduct and Molestation Liability	1,000,000
Medical Expense Limit	5,000
Property	
Blanket Building and Contents	44,451,900
Automobile Liability:	
Hired and Non-owned Liability	1,000,000
Medical Payments	5,000
Uninsured/Underinsured Motorist	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

Bonding

All employees, including Board President and Superintendent, are covered with surety bonds for $50,000. These bonds are with Argonaut Insurance Group. The Treasurer is also covered by a surety bond in the amount of $20,000. This bond is with Travelers Casualty and Surety Company.

Workers' Compensation

For fiscal year 2015, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). 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 Gates McDonald & Company provides administrative, cost control, and actuarial services to the GRP.

Employee Health Benefits

The Center participates in the Suburban Health Consortium, a shared risk pool (Note 17) to provide employee medical/surgical benefits, vision, prescription drug, and dental. Rates are set through an annual calculation process. The Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Center's Board of Education pays the entire cost of a monthly premium for all full-time employees.

Claims are paid for all participants regardless of claims flow. Upon termination, all participants' claims would be paid without regard to the participants account balance or the Directors have the right to hold monies for an existing participant until the settlement of all expenses and claims.

Life insurance benefits of $50,000 including accidental death and dismemberment are provided to full-time employees on a fully-funded basis.

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15
Governmental Activities:				
Capital assets not being depreciated				
Land	$261,490	$0	$0	$261,490
Capital assets being depreciated				
Buildings and Improvements	14,783,292	0	0	14,783,292
Furniture and Equipment	6,455,939	3,686	(28,052)	6,431,573
Vehicles	274,954	37,445	0	312,399
Total capital assets being depreciated	21,514,185	41,131	(28,052)	21,527,264
Accumulated depreciation				
Buildings and Improvements	(9,934,340)	(317,504)	0	(10,251,844)
Furniture and Equipment	(4,771,732)	(133,739)	26,904	(4,878,567)
Vehicles	(274,954)	(1,404)	0	(276,358)
Total accumulated depreciation	(14,981,026)	(452,647) *	26,904	(15,406,769)
Capital assets being depreciated, net	6,533,159	(411,516)	(1,148)	6,120,495
Governmental activities capital assets, net	$6,794,649	($411,516)	($1,148)	$6,381,985

	Balance 6/30/14	Additions	Reductions	Balance 6/30/15
Business-type activities:				
Equipment	$515,922	$0	($1,597)	$514,325
Accumulated depreciation	(474,687)	(12,550) **	1,597	(485,640)
Business-type activities capital assets, net	$41,235	($12,550)	$0	$28,685

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$416,088
Support Services:	
Pupil	5,442
Instructional Staff	3,992
Administration	585
Fiscal	614
Operation and Maintenance of Plant	9,902
Central	16,024
Total Depreciation Expense	$452,647

** Depreciation expense was charged to business-type functions as follows:

Adult and Community Education	$9,751
Rotary - Special Services	2,799
Total Depreciation Expense	$12,550

Note 11 – Defined Benefit Pension Plans

Net Pension Liability

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

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

Ohio Revised Code limits the 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.

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Center's contractually required contribution to SERS was $475,864 for fiscal year 2015. For 2015, 100 percent has been contributed.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Center’s contractually required contribution to STRS was $1,107,053 for fiscal year 2015. Of this amount 100 percent has been contributed.

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, 2014, 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
Proportionate Share of the Net Pension Liability	$5,210,646	$16,435,895	$21,646,541
Proportion of the Net Pension Liability	0.102958%	0.0675722%	
Pension Expense	$1,221,394	$2,849,919	$4,071,313

At June 30, 2015, 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	$44,348	$158,231	$202,579
Difference between School District contributions and proportionate share of contributions	0	0	0
School District contributions subsequent to the measurement date	475,864	1,107,053	1,582,917
Total Deferred Outflows of Resources	$520,212	$1,265,284	$1,785,496
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$845,702	$3,040,703	$3,886,405
Difference between School District contributions and proportionate share of contributions	0	0	0
Total Deferred Inflows of Resources	$845,702	$3,040,703	$3,886,405

$1,582,917 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. 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:			
2016	($200,338)	($720,618)	($920,956)
2017	($200,338)	($720,618)	(920,956)
2018	($200,339)	($720,618)	(920,957)
2019	($200,339)	($720,618)	(920,957)
Total	($801,354)	($2,882,472)	($3,683,826)

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, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 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 (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$7,434,043	$5,210,646	$3,340,576

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

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 7.75 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 (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	$23,529,779	$16,435,895	$10,436,861

Note 12 - Postemployment Benefits

School Employees Retirement System

Plan Description – The Center participates in two cost-sharing multiple-employer defined benefit OPEB plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2015 0.14 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2015, this amount was $20,250. During fiscal year 2015, the Center paid $10,927 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $14,792, $19,578, and $12,895, respectively. For 2014, 100 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2015, this actuarially required allocation was 0.76 percent of covered payroll. The Center's contributions for Medicare Part B for the fiscal years ended June 30, 2015, 2014, and 2013, were $20,707, $22,451, and $24,084 respectively. For 2015, 100 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The Center's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $70,845, $69,889, and $74,073 respectively. For 2015, 88.49 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal year 2014 and 2013.

Note 13 - Employee Benefits

Vacation Leave

The Superintendent and twelve-month employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty days of vacation per year and qualify for twenty-five if they start their sixth year at the Center. Center support personnel accumulate vacation based on the following factors:

Length of Service	Vacation Leave
After 1 Year	10 Days Per Year
9 or more Years	15 Days Per Year
15 or more Years	20 Days Per Year

Accumulated, unused vacation time is paid to employees upon termination of employment. Teachers do not earn vacation time.

Sick Leave

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 343 days for classified employees and 343 days for certified employees.

Retirement Severance Pay

Certified Employees

1. *Five or More Years of Service - Retirement* A teacher who has five or more years of service with the Center may elect at the time of retirement from active service to be paid for thirty percent of the value of the teacher's accrued but unused sick leave credit to a maximum of ninety-eight days.

   The word "retirement" shall be limited exclusively to mean full permanent retirement with regard to age and years of service under the State Teachers Retirement System law. The rate paid will be the per diem rate of the teacher's basic contract in effect at the time of retirement. Supplemental contracts, extended service or other compensation will not be included in the calculation. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the teacher. Such payment shall be made only once to any teacher.

2. *Ten or More Years of Service - Separation* A teacher who has ten or more years of service with the Center, who resigns or who is severed from employment for any reason, may elect to receive a lump sum cash payment for thirty percent of the value of the teacher's accrued but unused sick leave credit to a maximum of forty days. Such payment shall be calculated by multiplying the employee's daily rate of pay at the time of such severance of employment by the total number of days to which they are entitled. The rate paid will be the highest per diem rate.

Classified Employees

Any employee who has five or more years of service with the Board of Education may elect at the time of retirement from active service to be paid for thirty percent of the value of the employee's accrued but unused sick leave credit to a maximum of ninety-eight days. Severance pay is a per diem based upon the employee's hourly rate over the last three years of employment, times the hours worked per day. The word "retirement" as used shall be limited exclusively to mean full permanent service retirement with regard to age and years of service under the School Employees Retirement System. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the employee.

Note 14 - Long-term Obligations

The changes in the Center's long-term obligations during fiscal year 2015 were as follows:

	Outstanding 6/30/14	Additions	Reductions	Outstanding 6/30/15	Amount Due in One Year
Governmental Activities					
Compensated Absences	$1,512,254	$908,321	$1,050,810	$1,369,765	$879,656
Capital Lease	2,637,696	0	318,483	2,319,213	327,852
Net Pension Liability					
SERS	5,177,819	0	267,084	4,910,734	0
STRS	16,396,425	0	845,767	15,550,659	0
Total Net Pension Liability	21,574,244	0	1,112,851	20,461,393	0
Total Governmental Activities	$25,724,194	$908,321	$2,482,144	$24,150,371	$1,207,508
Business-Type Activities					
Compensated Absences	$133,897	$149,691	$123,083	$160,505	$87,803
Net Pension Liability					
SERS	299,905	0	15,470	284,436	0
STRS	949,701	0	48,988	900,712	0
Total Net Pension Liability	1,249,606	0	64,458	1,185,148	0
Total Business-Type Activities	$1,383,503	$149,691	$187,541	$1,345,653	$87,803

Compensated absences will be paid from the general fund and adult and community education enterprise fund. The capital lease will be paid from the general fund.

The Center's overall legal debt margin was $421,416,162 with an unvoted debt margin of $4,682,402 at June 30, 2015.

Note 15 - Contingencies

Grants

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2015, if applicable, cannot be determined at this time.

Litigation

There are currently no matters in litigation with the Center as the defendant.

Note 16 - Jointly Governed Organization

Ohio Schools Council Association

The Ohio Schools Council (Council) is a jointly governed organization among 161 School Districts and Centers. The jointly governed organization was created by School Districts and Centers for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to this representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2015, the Center paid $767 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The Center participates in the natural gas purchase program. This program allows the Center to purchase natural gas at reduced rates. Compass Energy served as the natural gas supplier and program manager from October 1, 2010 through March 31, 2013. Compass Energy has been selected to continue as the supplier and program manager for the period from April 1, 2013 through March 31, 2016. There are currently 251 participants in the program including the Center. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Note 17 – Public Entity Risk 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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or 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.

Suburban Health Consortium

The Suburban Health Consortium is a shared risk pool created pursuant to State statute for the purpose of administrating health care benefits. The Council is governed by an assembly which consists of one representative from each participating Center (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The Assembly exercises control over the participating Centers/centers, based on the established premiums for the insurance plans. Each Center reserves the right to terminate the plan in whole or in part at any time for their Center. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in with the terms of the contract.

Note 18 - 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. This amount must be carried forward to be used for the same purpose in future years.

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.

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2014	$0
Current Year Set-aside Requirement	100,861
Qualifying Disbursements	(80,937)
Total	$19,924
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Reserve Balance as of June 30, 2015	$19,924

Note 19 – Capital Lease

In 2012, the Center entered into a capital lease for the House Bill 264 Project. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund on the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

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

Buildings and Improvement	$1,982,400
Less: Accumulated Depreciation:	(990,800)
Total Capital Assets, being depreciated, net	$991,600

The lease agreement provide for minimum, annual lease payments as follows:

	Governmental Activities
2016	$393,196
2017	393,196
2018	393,196
2019	1,325,522
Total Minimum Lease Payments	2,505,110
Less: Amounts Representing Interest	(185,898)
Present Value of Minimum Lease Payments	$2,319,212

Note 20 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to ensure effective budget 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	$111,990
Other Governmental funds	3,610
	$115,600

Polaris Career Center

Required Supplementary Information

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

School Employees Retirement System of Ohio (SERS)

Last Two Fiscal Years (1)

	2014	2013
Center's Proportion of the Net Pension Liability	0.102958%	0.102958%
Center's Proportion Share of the Net Pension Liability	$5,210,646	$5,629,898
Center's Covered-Employee Payroll	3,486,934	3,080,535
Center's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	149.43%	182.76%
Plan Fiducuary Net Pension as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available

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

Polaris Career Center

Required Supplementary Information

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

State Teachers Retirement System of Ohio (STRS)

Last Two Fiscal Years (1)

	2014	2013
Center's Proportion of the Net Pension Liability	0.06757219%	0.06757219%
Center's Proportion Share of the Net Pension Liability	$16,435,895	$17,193,952
Center's Covered-Employee Payroll	$8,319,285	$7,215,638
Center's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	197.56%	238.29%
Plan Fiducuary Net Pension as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available

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

Polaris Career Center
Required Supplementary Information
Schedule of Center Contribution
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$475,864	$483,289	$426,346	$411,273
Contributions in Relation to the Contractually Required Contribution	($475,864)	($483,289)	($426,346)	($411,273)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered-Employee Payroll	3,610,501	3,486,934	3,080,535	3,057,792
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

2011	2010	2009	2008	2007	2006
$353,680	$376,055	$264,386	$266,896	$292,041	$309,254
($353,680)	($376,055)	($264,386)	($266,896)	($292,041)	($309,254)
$0	$0	$0	$0	$0	$0
2,813,683	2,777,363	2,686,850	2,717,882	2,734,466	2,923,006
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

Polaris Career Center
Required Supplementary Information
Schedule of Center Contribution
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	2015	2014	2013	2012
Contractually Required Contribution	$1,107,053	$1,081,507	$1,091,146	$977,402
Contributions in Relation to the Contractually Required Contribution	($1,107,053)	($1,081,507)	($1,091,146)	($977,402)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered-Employee Payroll	$7,907,521	$8,319,285	$8,393,431	$7,518,477
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%

2011	2010	2009	2008	2007	2006
$909,723	$949,493	$888,374	$916,622	$828,139	$823,294
($909,723)	($949,493)	($888,374)	($916,622)	($828,139)	($823,294)
$0	$0	$0	$0	$0	$0
$6,997,869	$7,303,792	$6,833,646	$7,050,938	$6,370,300	$6,333,031
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education						
Nutrition Cluster						
School Breakfast Program	2015	10.553	10,231		10,231	
National School Lunch Program	2015	10.555	14,084	2,493	14,084	2,493
Total Nutrition Cluster			24,315	2,493	24,315	2,493
Total U.S. Department of Agriculture			24,315	2,493	24,315	2,493
U.S. DEPARTMENT OF EDUCATION						
Direct Assistance Programs						
Student Financial Assistance Cluster						
Federal Pell Grant Program	2014	84.063	1,664		1,664	
Federal Pell Grant Program	2015	84.063	574,816		573,928	
Subtotal Federal Pell Grant Program			576,480	-	575,592	-
Federal Direct Student Loans	2014	84.268	81,261		81,261	
Federal Direct Student Loans	2015	84.268	887,646		887,646	
Subtotal Direct Student Loans			968,907	-	968,907	-
Total Student Financial Assistance Cluster			1,545,387	-	1,544,499	-
Passed Through Ohio Department of Education						
Improving Teacher Quality, Title II-A	2014	84.367	-		210	
Improving Teacher Quality, Title II-A	2015	84.367	1,528		153	
Total Improving Teacher Quality, Title II-A			1,528	-	363	-
Adult Education - Basic Grants to States (ABLE)	2014	84.002	-		7,767	
Adult Education - Basic Grants to States (ABLE)	2015	84.002	320,299		334,650	
Subtotal Adult Education Passed Through Ohio Department of Education			320,299	-	342,417	-
Passed Through Cuyahoga Community College						
Adult Education - Basic Grants to States (EL/Civics)	2014	84.002	4,137		12,410	
Adult Education - Basic Grants to States (EL/Civics)	2015	84.002	16,302		16,354	
Subtotal Adult Education Passed Through Cuyahoga Community College			20,439	-	28,764	-
Total Adult Education - Basic Grants to States			340,738	-	371,181	-
Passed Through Ohio Department of Education						
Career and Technical Education - Basic Grants to States (Carl D. Perkins)	2014	84.048	-		2,344	
Career and Technical Education - Basic Grants to States (Carl D. Perkins)	2015	84.048	261,648		286,772	
Subtotal Career and Technical Education Passed Through Ohio Department of Education			261,648	-	289,116	-
Passed Through Lorain County Joint Vocational School						
Career and Technical Education - Basic Grants to States	2015	84.048	119,560		119,560	
Subtotal Career and Technical Education Passed Through Lorain County Joint Vocational School			119,560	-	119,560	-
Total Career and Technical Education - Basic Grants to States			381,208	-	408,676	-
Total U.S. Department of Education			2,268,861	-	2,324,719	-
Total Federal Financial Assistance			2,293,176	2,493	2,349,034	2,493

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Polaris Career Center's (the Center's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

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

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, (the Center) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 24, 2016, wherein we noted the Service Center adopted Government Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions - an amendment to GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

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 opinions 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 communication is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 24, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Polaris Career Center's (the Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Polaris Career Center's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal programs.

Management's Responsibility

The Center's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Center's compliance for each of the Center's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Polaris Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 24, 2016

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster: Federal Pell Grant – CFDA #84.063 and Federal Direct Student Loans – CFDA #84.268; Career and Technical Education – Basic Grants to States – CFDA #84.048
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 2015

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2014-001	Noncompliance and Material Weakness – The Center did not credit student accounts in the Lumens system within three business days of receipt of funds for all students tested.	Yes	Finding No Longer Valid
2014-002	Noncompliance and Material Weakness – The Center did not report the actual disbursement date to the U.S. Department of Education via the COD system for all Direct Loan Program students tested.	Yes	Finding No Longer Valid

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POLARIS CAREER CENTER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 7, 2016