POLARIS CAREER CENTER
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2016

POLARIS CAREER CENTER
CUYAHOGA COUNTY

TABLE OF CONTENTS

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017, 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
Auditor of State
Columbus, Ohio

March 22, 2017

This page intentionally left blank.

The management's discussion and analysis of 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, 2016. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the transmittal letter, the notes to the basic financial statements and basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- In total, net position increased $3,208,012. Net position of governmental activities increased $5,724,619 from 2015 and business-type activities net position decreased $2,516,607 from 2015.

- General revenues accounted for $14,600,842 in revenue or 90.72% of governmental activities revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $1,492,774 or 9.28% of governmental activities revenues.

- The Center had $10,368,997 in expenses related to governmental activities; only $1,492,774 of these expenses was offset by program specific charges for services, operating grants or contributions resulting in a net cost of $8,876,223 for the Center. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $14,600,842 was adequate to provide for these programs.

- The Center's major governmental fund is the general fund. The general fund had $15,277,958 in revenues and $13,003,736 in expenditures. During fiscal 2016, the general fund's fund balance increased $2,274,222 from a balance of $9,018,641 to $11,292,863.

- The business-type activities net position which include adult and community education, uniform school supplies, and customer services operations decreased $2,516,607 on $5,711,250 in expenses and $3,194,643 in revenues.

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 as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund is the most significant fund, and the only governmental fund reported as a major fund. The Center has reported the adult and community education fund as a major enterprise 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 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund'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 programs and other factors.

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

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds and the analysis of the Center's major and nonmajor enterprise funds begins on page 13. 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 and 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 accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

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

Reporting the Center's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information provides detailed information regarding the Center's proportionate share of the net pension liability of the retirement systems and a ten year schedule of Center's contributions to the retirement systems to fund pension obligations.

THIS SECTION INTENTIONALLY LEFT BLANK

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The table below provides a summary of the Center's net position for 2016 and 2015.

	Governmental Activities		Business-Type Activities	
	2016	2015	2016	2015
Assets				
Current and other assets	$ 19,198,042	$ 18,378,619	$ 2,138,347	$ 1,963,696
Capital assets, net	5,953,216	6,381,985	17,218	28,685
Total assets	25,151,258	24,760,604	2,155,565	1,992,381
Deferred outflows of resources				
Pension	1,900,871	1,687,740	395,151	97,756
Total deferred outflows	1,900,871	1,687,740	395,151	97,756
Liabilities				
Current liabilities	1,048,736	1,291,571	86,099	72,053
Long-term liabilities:				
Due within one year	753,972	1,207,508	86,364	87,803
Due in more than one year:				
Net pension liability	19,801,786	20,461,393	4,109,143	1,185,148
Other amounts	2,416,742	2,481,470	99,006	72,702
Total liabilities	24,021,236	25,441,942	4,380,612	1,417,706
Deferred inflows of resources				
Property taxes and PILOTS	6,268,120	7,452,324	-	-
Pensions	1,157,700	3,673,624	227,061	212,781
Total deferred inflows	7,425,820	11,125,948	227,061	212,781
Net Position				
Net investment in capital assets	3,961,854	1,710,616	17,218	28,685
Restricted	15,067	-	-	-
Unrestricted (deficit)	(8,371,848)	(11,830,162)	(2,074,175)	430,965
Total net position (deficit)	$ (4,394,927)	$ (10,119,546)	$ (2,056,957)	$ 459,650

The Center has 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 well as a net pension liability and deferred inflows/outflows related to pension.

Current and other assets increased as cash receipts continue to exceed cash disbursements in fiscal year 2016 resulting in increased cash and cash equivalents at year end. Capital assets decreased due to the depreciation expense on the Center's capital assets. Long-term liabilities decreased as a result of a redistribution in the net pension liability discussed above. Specific factors effecting the net pension liability include the Center's contributions to the pension systems (STRS and SERS) subsequent to the measurement date of the liability, expected versus actual experience of the pension systems and projected versus actual earnings on pension plan investments. These factors are outside of the control of the Center. The Center contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to Center employees, not the Center.

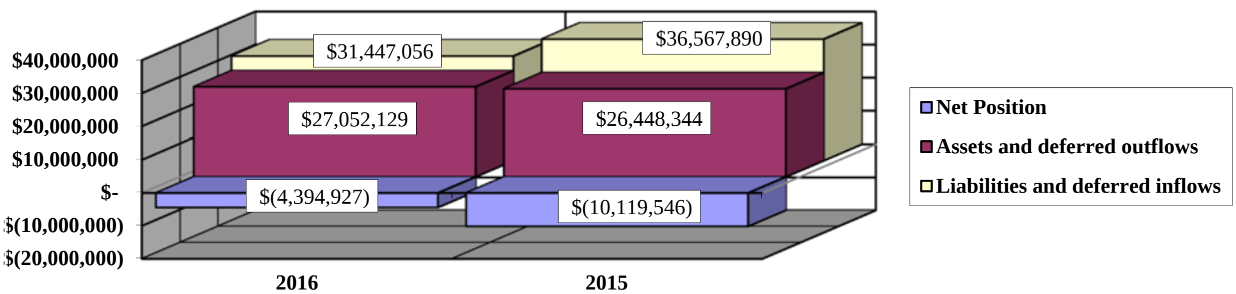
Over time, net position can serve as a useful indicator of a Center's financial position. At June 30, 2016, the Center's liabilities plus deferred inflows of resources exceeded assets and deferred outflows by $6,451,884. Of this total, $15,067 is restricted in use. The increase in net position for the governmental activities and corresponding decrease in the net position of the business-type activities is the result of allocating a larger portion of the net pension liability in fiscal year 2016 versus 2015 to the business-type activities based upon the employees paid from those operations. The Center's total net pension liability at June 30, 2016 and 2015 was $23,910,929 and $21,646,541, respectively. The portion of the net pension liability allocated to business-type activities at June 30, 2016 and 2015 was $4,109,143 and $1,185,148, respectively. The allocation is based upon employees utilized in and paid from those operations.

At year-end, capital assets represented 21.86% of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets at June 30, 2016, was $3,979,072. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

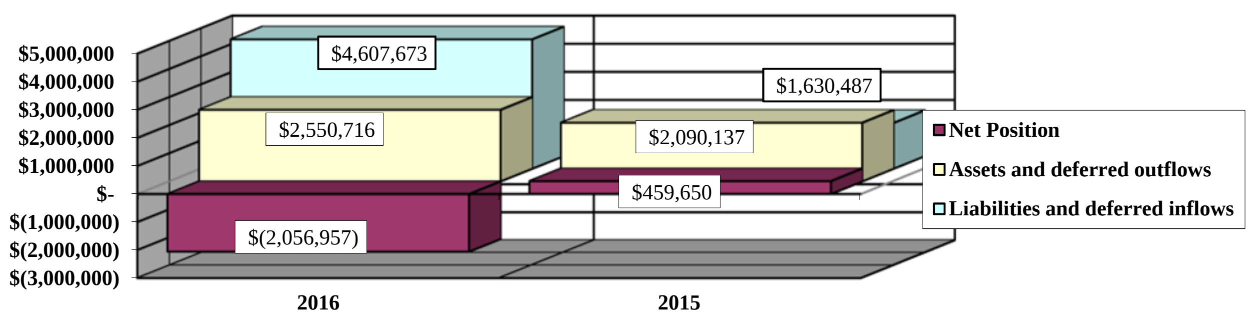
A portion of the Center's net position, $15,067, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $10,446,023. Of the unrestricted net position, a deficit of $8,371,848 is reported in the governmental activities and a deficit of $2,074,175 is reported in the business type activities.

The graphs below show the assets, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2016 and 2015.

Governmental – Net Position



Business-Type – Net Position



POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

The table below shows the change in net position for fiscal years 2016 and 2015.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services and sales	$ 97,983	$ 199,834	$ 2,746,947	$ 2,822,922	$ 2,844,930	$ 3,022,756
Operating grants and contributions	1,394,791	725,585	447,691	419,644	1,842,482	1,145,229
General revenues:						
Property taxes	10,847,993	8,738,109	-	-	10,847,993	8,738,109
Payments in lieu of taxes	83,683	-	-	-	83,683	-
Grants and entitlements	3,372,394	3,975,325	-	-	3,372,394	3,975,325
Investment earnings	155,014	49,749	-	-	155,014	49,749
Other	141,758	232,734	5	2,789	141,763	235,523
Total revenues	16,093,616	13,921,336	3,194,643	3,245,355	19,288,259	17,166,691
Expenses						
Program expenses:						
Instruction:						
Regular	1,228	-	-	-	1,228	-
Vocational	4,497,115	7,150,239	-	-	4,497,115	7,150,239
Adult/continuing	162,108	250,796	-	-	162,108	250,796
Support services:						
Pupil	964,742	2,142,810	-	-	964,742	2,142,810
Instructional staff	898,135	1,706,739	-	-	898,135	1,706,739
Board of education	143,451	116,736	-	-	143,451	116,736
Administration	696,413	1,221,424	-	-	696,413	1,221,424
Fiscal	517,925	717,159	-	-	517,925	717,159
Business	95,349	116,814	-	-	95,349	116,814
Operations and maintenance	1,043,715	2,042,760	-	-	1,043,715	2,042,760
Pupil transportation	61,006	45,684	-	-	61,006	45,684
Central	1,156,879	1,053,555	-	-	1,156,879	1,053,555
Operation of non-instructional services	416	-	-	-	416	-
Extracurricular activities	65,170	71,153	-	-	65,170	71,153
Interest and fiscal charges	65,345	74,712	-	-	65,345	74,712
Uniform school supplies		-	116,711	108,782	116,711	108,782
Customer services		-	300,466	289,128	300,466	289,128
Adult and community education	-	-	5,294,073	2,679,517	5,294,073	2,679,517
Total expenses	10,368,997	16,710,581	5,711,250	3,077,427	16,080,247	19,788,008
Changes in net position	5,724,619	(2,789,245)	(2,516,607)	167,928	3,208,012	(2,621,317)
Net position (deficit) at beginning of year	(10,119,546)	(7,330,301)	459,650	291,722	(9,659,896)	(7,038,579)
Net position (deficit) at end of year	$ (4,394,927)	$ (10,119,546)	$ (2,056,957)	$ 459,650	$ (6,451,884)	$ (9,659,896)

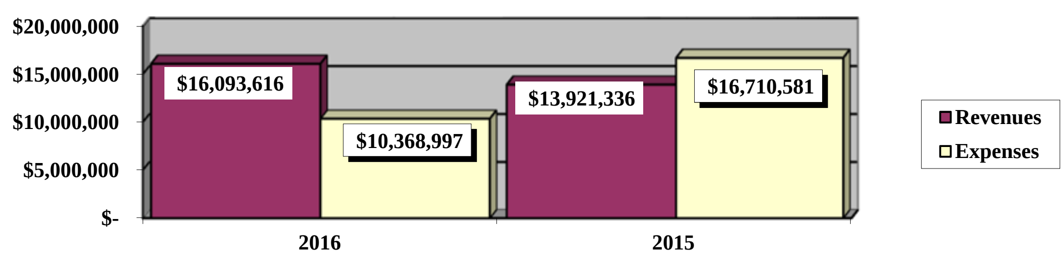
Governmental Activities

For fiscal year 2016, the net position of the Center's governmental activities increased $5,724,619. Total governmental expenses of $10,368,997 were offset by program revenues of $1,492,774 and general revenues of $14,600,842. Program revenues supported 14.40% of the total governmental expenses.

General revenues increased $1,604,925. Property tax revenue increased due to fluctuations in the amount of taxes collected and available for advance at year-end from the Cuyahoga County Fiscal Officer. Tax advances available at June 30, 2016, 2015 and 2014 were $2,992,539, $1,504,726 and $1,858,119, respectively. The tax collected and available for advance can vary depending upon when the tax bills are sent. General revenues – unrestricted grants and entitlements decreased primarily due to $573,328 of career tech education funding from the State of Ohio through Foundation being classified as a program revenue offsetting vocational expense in fiscal year 2016 versus a general revenue in fiscal year 2015. This also accounts for the increase in operating grants and contributions. Overall expenses decreased as the governmental activities portion of the net pension liability decreased resulting in a decrease to expense in all the contributing functions. A larger portion of the net pension liability was reported in the business-type activities in fiscal year 2016 to better allocate the liability to the areas from which the employees are paid.

The graph below presents the Center's governmental activities revenue and expenses for fiscal year 2016 and 2015.

Governmental Activities - Revenues and Expenses



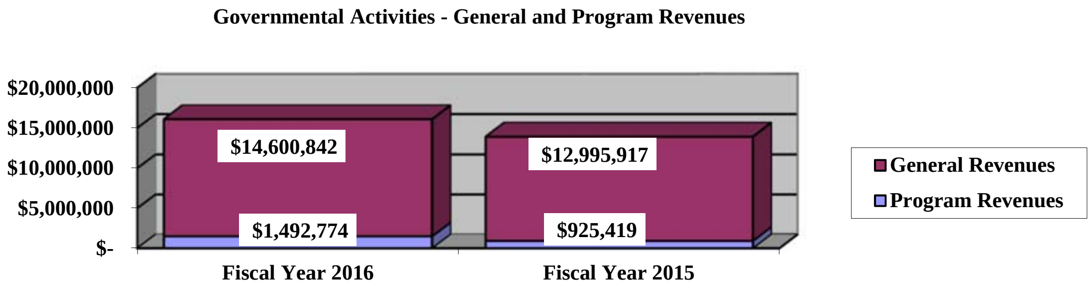
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2016 and 2015. It identifies the cost of these services supported by tax and unrestricted State grant revenues.

Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Program expenses:				
Instruction:				
Regular	$ 1,228	$ 1,228	$ -	$ -
Vocational	4,497,115	3,581,744	7,150,239	6,847,549
Adult/continuing	162,108	(2,456)	250,796	34,243
Support services:				
Pupil	964,742	903,781	2,142,810	2,048,669
Instructional staff	898,135	687,979	1,706,739	1,513,537
Board of education	143,451	143,451	116,736	114,926
Administration	696,413	645,296	1,221,424	1,206,078
Fiscal	517,925	517,925	717,159	706,052
Business	95,349	95,349	116,814	115,004
Operations and maintenance	1,043,715	1,013,212	2,042,760	2,020,197
Pupil transportation	61,006	61,006	45,684	44,976
Central	1,156,879	1,096,777	1,053,555	989,167
Operation of non-instructional services	416	416	-	-
Extracurricular activities	65,170	65,170	71,153	70,052
Interest and fiscal charges	65,345	65,345	74,712	74,712
Total expenses	$ 10,368,997	$ 8,876,223	$ 16,710,581	$ 15,785,162

The dependence upon tax revenues during fiscal year 2016 for governmental activities is apparent, as 76.83% of 2016 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 85.60%. The Center's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for Center students.

The graph below presents the Center's governmental activities revenue for fiscal years 2016 and 2015.



Business-type Activities

Business-type activities include adult and community education, uniform school supplies and customer services operations. These programs had revenues of $3,194,643 and expenses of $5,711,250 in fiscal year 2016. Management reviews these programs to develop policies to allow these services to become self-supporting.

The Center's largest business-type activity is adult and community education operations. These operations had $2,339,434 in charges for services and sales, $444,480 in operating grants and contributions, $5 in general revenues, and had total expenses of $5,294,073. Adult and community education revenues were not sufficient to support expenses by $2,510,154. The primary reason for the decrease in net position is due to a larger allocation of the Center's overall net pension liability to the adult and community education fund. The portion of the net pension liability allocated to the adult and community education fund at June 30, 2016 and 2015 was $4,109,143 and $1,185,148, respectively. A larger portion of the net pension liability was reported in the adult and community education fund in fiscal year 2016 to better allocate the liability to the areas from which the employees are paid. The resulting increase to the liability caused a corresponding increase to expense.

The Center's Funds

Governmental Funds

The Center's governmental funds (as presented on the Balance Sheet on page 20) reported a combined fund balance of $11,353,848, which is more than last year's fund total of $9,131,717.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2016 and 2015.

	Fund Balance June 30, 2016	Fund Balance June 30, 2015	Change
General	$ 11,292,863	$ 9,018,641	$ 2,274,222
Other governmental	60,985	113,076	(52,091)
Total	$ 11,353,848	$ 9,131,717	$ 2,222,131

General Fund

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

	2016 Amount	2015 Amount	Increase (Decrease)	Percentage Change
Revenues				
Property taxes and payment in lieu of taxes	$ 10,937,481	$ 8,824,753	$ 2,112,728	23.94 %
Intergovernmental	3,945,722	3,975,325	(29,603)	(0.74) %
Investment earnings	155,014	49,749	105,265	211.59 %
Tuition and fees	35,806	83,573	(47,767)	(57.16) %
Other revenues	203,935	348,995	(145,060)	(41.57) %
Total	$ 15,277,958	$ 13,282,395	$ 1,995,563	15.02 %

Property tax revenue increased due to fluctuations in the amount of taxes collected and available for advance at year-end from the Cuyahoga County Fiscal Officer. Tax advances available at June 30, 2016, 2015 and 2014 were $2,992,539, $1,504,726 and $1,858,119, respectively. Intergovernmental revenues remained comparable to the prior year as Foundation funding from the State of Ohio remained consistent. Investment earnings increased due to an increase in the amount of invested funds. Other revenues decreased due to a decrease in the amount of rental income.

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

	2016 Amount	2015 Amount	Increase (Decrease)	Percentage Change
Expenditures				
Instruction	$ 5,628,995	$ 5,822,177	$ (193,182)	(3.32) %
Support services	6,906,592	7,143,948	(237,356)	(3.32) %
Extracurricular activities	72,353	71,153	1,200	1.69 %
Facilities acquisition and construction	2,600	168,166	(165,566)	(98.45) %
Debt service	393,196	393,195	1	0.00 %
Total	$ 13,003,736	$ 13,598,639	$ (594,903)	(4.37) %

In total, expenditures decreased 4.37% from 2015 primarily due to decreased staff and services to meet the needs of students. Facilities acquisition and construction decreased from 2015 due to fewer construction projects at the Center.

Nonmajor Governmental Funds

The nonmajor governmental funds had $812,638 in revenues and $864,729 in expenditures. During fiscal 2016, the nonmajor governmental fund's fund balance decreased $52,091 from $113,076 to $60,985.

Enterprise Funds

The Center's enterprise funds reported operating revenues of $2,746,952, operating expenses of $5,711,250, and nonoperating revenues of $447,691. Net position of the enterprise funds decreased $2,516,607 from $459,650 to a deficit of $2,056,957. The adult and community education fund reported both an operating loss and decrease in change in net position of $2,954,634 and $2,510,154, respectively. This operating loss and decrease in net position is primarily due to a larger portion of the net pension liability being reported in the adult and community education fund in fiscal year 2016 to better allocate the liability to the areas from which the employees are paid. The resulting increase to the liability caused a corresponding increase to expense.

The uniform school supplies fund (a nonmajor enterprise fund) reported both an operating loss and decrease in change in net position of $4,638. The customer services fund (a nonmajor enterprise fund) reported both an operating loss and decrease in change in net position of $5,026 and $1,815, respectively.

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.

For the General Fund, the final budgeted revenue was $13,017,529. The original budgeted revenue was $12,849,767. Actual revenue and other financing sources was $13,718,153. The difference between the final budgeted revenues and the actual revenues and other financing sources was $700,624.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were $13,476,872. This amount was $2,032,944 less than the final budgeted amounts due mainly to instruction and support services expenses being less than expected. The final budgeted expenditures and other financing uses were left the same as the original budgeted amounts. Overall, fund balance on the budget basis increased $241,281 from the prior year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2016, the Center had $5,970,434 invested in land, buildings and improvements, furniture and equipment and vehicles. Of this total, $5,953,216 was reported in governmental activities and $17,218 was reported in business-type activities. The following table shows fiscal 2016 balances compared to 2015:

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	$ 261,490	$ 261,490	$ -	$ -	$ 261,490	$ 261,490
Buildings and improvements	4,213,943	4,531,448	-	-	4,213,943	4,531,448
Furniture and equipment	1,443,614	1,553,006	17,218	28,685	1,460,832	1,581,691
Vehicles	34,169	36,041	-	-	34,169	36,041
Total	$ 5,953,216	$ 6,381,985	$ 17,218	$ 28,685	$ 5,970,434	$ 6,410,670

Overall capital assets, net of accumulated depreciation, decreased $440,236 from fiscal year 2015 to fiscal year 2016. The Center did not acquire any capital assets or have any capital asset disposals in fiscal year 2016. The Center reported total depreciation expense of $440,236 for fiscal year 2016. See Note 7 to the basic financial statements for more detail on the Center's capital assets.

Debt Administration

At June 30, 2016, the Center has $1,991,362 in a long-term debt obligations outstanding. Of this total, $337,494 is due within one year and $1,653,868 is due within greater than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

Long Term Debt:	Governmental Activities 2016	Governmental Activities 2015
Capital lease obligation	$ 1,991,362	$ 2,319,213
Total	$ 1,991,362	$ 2,319,213

Payments of principal and interest on the capital lease are made from the general fund. See Note 8 to the basic financial statements for more detail on the Center's long-term obligations.

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 three years to ensure that we continue to avoid deficit spending.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have 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 email at mrobinso@polaris.edu.

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 9,151,070	$ 2,138,347	$ 11,289,417
Receivables:			
Property taxes	9,647,685	-	9,647,685
Payment in lieu of taxes	110,070	-	110,070
Accounts	256	-	256
Accrued interest	20,251	-	20,251
Intergovernmental	215,172	-	215,172
Prepayments	30,038	-	30,038
Materials and supplies inventory	23,500	-	23,500
Capital assets:			
Nondepreciable capital assets	261,490	-	261,490
Depreciable capital assets, net	5,691,726	17,218	5,708,944
Capital assets, net	5,953,216	17,218	5,970,434
Total assets	25,151,258	2,155,565	27,306,823
Deferred outflows of resources:			
Pension - STRS	1,464,624	331,982	1,796,606
Pension - SERS	436,247	63,169	499,416
Total deferred outflows of resources	1,900,871	395,151	2,296,022
Liabilities:			
Accounts payable	29,380	5,072	34,452
Accrued wages and benefits payable	881,742	70,407	952,149
Intergovernmental payable	137,364	10,620	147,984
Matured interest payable	250	-	250
Long-term liabilities:			
Due within one year	753,972	86,364	840,336
Due in more than one year:			
Net pension liability	19,801,786	4,109,143	23,910,929
Other amounts due in more than one year	2,416,742	99,006	2,515,748
Total liabilities	24,021,236	4,380,612	28,401,848
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,158,050	-	6,158,050
Payment in lieu of taxes levied for the next fiscal year	110,070	-	110,070
Pension - STRS	725,857	164,528	890,385
Pension - SERS	431,843	62,533	494,376
Total deferred inflows of resources	7,425,820	227,061	7,652,881
Net position:			
Net investment in capital assets	3,961,854	17,218	3,979,072
Restricted for:			
Locally funded programs	10,000	-	10,000
Federally funded programs	5,067	-	5,067
Unrestricted (deficit)	(8,371,848)	(2,074,175)	(10,446,023)
Total net position (deficit)	$ (4,394,927)	$ (2,056,957)	$ (6,451,884)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

		Program Revenues	
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**
Governmental activities:			
Instruction:			
Regular	$ 1,228	$ -	$ -
Vocational	4,497,115	67,480	847,891
Adult/continuing	162,108	-	164,564
Support services:			
Pupil	964,742	-	60,961
Instructional staff	898,135	-	210,156
Board of education	143,451	-	-
Administration	696,413	-	51,117
Fiscal	517,925	-	-
Business	95,349	-	-
Operations and maintenance	1,043,715	30,503	-
Pupil transportation	61,006	-	-
Central	1,156,879	-	60,102
Operation of non-instructional services	416	-	-
Extracurricular activities	65,170	-	-
Interest and fiscal charges	65,345	-	-
Total governmental activities	10,368,997	97,983	1,394,791
Business-type activities:			
Uniform school supplies	116,711	112,073	-
Customer Services	300,466	295,440	3,211
Adult education	5,294,073	2,339,434	444,480
Total business-type activities	5,711,250	2,746,947	447,691
Totals	$ 16,080,247	$ 2,844,930	$ 1,842,482

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

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Governmental Activities	Business-Type Activities	Total
$ (1,228)	$ -	$ (1,228)
(3,581,744)	-	(3,581,744)
2,456	-	2,456
(903,781)	-	(903,781)
(687,979)	-	(687,979)
(143,451)	-	(143,451)
(645,296)	-	(645,296)
(517,925)	-	(517,925)
(95,349)	-	(95,349)
(1,013,212)	-	(1,013,212)
(61,006)	-	(61,006)
(1,096,777)	-	(1,096,777)
(416)	-	(416)
(65,170)	-	(65,170)
(65,345)	-	(65,345)
(8,876,223)	-	(8,876,223)
-	(4,638)	(4,638)
-	(1,815)	(1,815)
-	(2,510,159)	(2,510,159)
-	(2,516,612)	(2,516,612)
(8,876,223)	(2,516,612)	(11,392,835)
10,847,993	-	10,847,993
83,683	-	83,683
3,372,394	-	3,372,394
155,014	-	155,014
141,758	5	141,763
14,600,842	5	14,600,847
5,724,619	(2,516,607)	3,208,012
(10,119,546)	459,650	(9,659,896)
$ (4,394,927)	$ (2,056,957)	$ (6,451,884)

Net (Expense) Revenue and Changes in Net Position

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	$ 9,086,561	$ 64,509	$ 9,151,070
Receivables:			
Property taxes	9,647,685	-	9,647,685
Payment in lieu of taxes	110,070	-	110,070
Accounts	256	-	256
Accrued interest	20,251	-	20,251
Interfund loans	206,239	-	206,239
Intergovernmental	-	215,172	215,172
Prepayments	30,038	-	30,038
Materials and supplies inventory	23,500	-	23,500
Total assets	$ 19,124,600	$ 279,681	$ 19,404,281
Liabilities:			
Accounts payable	$ 28,714	$ 666	$ 29,380
Accrued wages and benefits payable	879,132	2,610	881,742
Compensated absences payable	21,311	-	21,311
Intergovernmental payable	137,364	-	137,364
Interfund loans payable	-	206,239	206,239
Matured interest payable	-	250	250
Total liabilities	1,066,521	209,765	1,276,286
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,158,050	-	6,158,050
Payment in lieu of taxes levied for the next fiscal year.	110,070	-	110,070
Delinquent property tax revenue not available	497,096	-	497,096
Intergovernmental revenue not available	-	8,931	8,931
Total deferred inflows of resources	6,765,216	8,931	6,774,147
Fund balances:			
Nonspendable:			
Materials and supplies inventory	23,500	-	23,500
Prepaids	30,038	-	30,038
Restricted:			
Vocational education	-	2	2
Other purposes	-	10,000	10,000
Assigned:			
Permanent improvements	-	54,259	54,259
Student instruction	18,919	-	18,919
Student and staff support	176,495	-	176,495
Extracurricular activities	3,794	-	3,794
Subsequent year's appropriations	2,152,700	-	2,152,700
Unassigned (deficit)	8,887,417	(3,276)	8,884,141
Total fund balances	11,292,863	60,985	11,353,848
Total liabilities, deferred inflows and fund balances	$ 19,124,600	$ 279,681	$ 19,404,281

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2016

Total governmental fund balances		$ 11,353,848
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		5,953,216
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Delinquent property taxes receivable	$ 497,096	
Intergovernmental receivable	8,931	
Total		506,027
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in the governmental funds.		
Deferred outflows - Pension	1,900,871	
Deferred Inflows - Pension	(1,157,700)	
Net pension liability	(19,801,786)	
Total		(19,058,615)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Capital lease obligation	(1,991,362)	
Compensated absences	(1,158,041)	
Total		(3,149,403)
Net position of governmental activities		$ (4,394,927)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 10,853,798	$ -	$ 10,853,798
Payment in lieu of taxes	83,683	-	83,683
Tuition	35,806	-	35,806
Earnings on investments	155,014	-	155,014
Classroom materials and fees	31,674	-	31,674
Rental income	30,503	-	30,503
Contributions and donations	-	10,000	10,000
Other local revenues	141,758	-	141,758
Intergovernmental - state	3,945,722	164,813	4,110,535
Intergovernmental - federal	-	637,825	637,825
Total revenues	15,277,958	812,638	16,090,596
Expenditures:			
Current:			
Instruction:			
Regular	-	1,228	1,228
Vocational	5,574,670	263,341	5,838,011
Adult/continuing	54,325	162,044	216,369
Support services:			
Pupil	1,342,473	60,678	1,403,151
Instructional staff	976,765	206,937	1,183,702
Board of education	143,451	-	143,451
Administration	958,360	50,880	1,009,240
Fiscal	624,706	-	624,706
Business	117,311	-	117,311
Operations and maintenance	1,310,701	59,798	1,370,499
Pupil transportation	61,006	-	61,006
Central	1,371,819	59,823	1,431,642
Extracurricular activities	72,353	-	72,353
Facilities acquisition and construction	2,600	-	2,600
Debt service:			
Principal retirement	327,851	-	327,851
Interest and fiscal charges	65,345	-	65,345
Total expenditures	13,003,736	864,729	13,868,465
Excess of revenues over (under) expenditures / net change in fund balance	2,274,222	(52,091)	2,222,131
Fund balances at beginning of year	9,018,641	113,076	9,131,717
Fund balances at end of year	$ 11,292,863	$ 60,985	$ 11,353,848

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Net change in fund balances - total governmental funds		$ 2,222,131
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ -	
Current year depreciation	(428,769)	
Total		(428,769)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(5,805)	
Intergovernmental revenue	8,825	
Total		3,020
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		327,851
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.		211,724
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,121,830
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		2,266,832
Change in net position of governmental activities		$ 5,724,619

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
From local sources:				
Property taxes	$ 8,773,100	$ 8,887,639	$ 9,365,985	$ 478,346
Payment in lieu of taxes	83,683	83,683	83,683	-
Tuition	33,539	33,977	35,806	1,829
Earnings on investments	74,878	75,855	79,938	4,083
Classroom materials and fees	29,669	30,056	31,674	1,618
Rental income	28,572	28,945	30,503	1,558
Other local revenues	124,027	126,739	138,064	11,325
Intergovernmental - state	3,695,950	3,744,203	3,945,722	201,519
Total revenues	12,843,418	13,011,097	13,711,375	700,278
Expenditures:				
Current:				
Instruction:				
Vocational	6,558,630	6,558,630	5,717,391	841,239
Adult/continuing	62,318	62,318	54,325	7,993
Support services:				
Pupil	1,533,629	1,533,629	1,336,919	196,710
Instructional staff	1,149,960	1,149,960	1,002,461	147,499
Board of education	204,312	204,312	178,106	26,206
Administration	1,176,087	1,176,087	1,025,237	150,850
Fiscal	741,910	741,910	646,749	95,161
Business	144,653	144,653	126,099	18,554
Operations and maintenance	1,653,740	1,653,740	1,441,624	212,116
Pupil transportation	70,089	70,089	61,099	8,990
Central	1,618,080	1,618,080	1,410,538	207,542
Extracurricular activities	92,377	92,377	80,528	11,849
Facilities acquisition and construction	454,032	454,032	395,796	58,236
Total expenditures	15,459,816	15,459,816	13,476,872	1,982,944
Excess of revenues over (under) expenditures	(2,616,398)	(2,448,719)	234,503	2,683,222
Other financing sources (uses):				
Refund of prior year's expenditures	6,349	6,432	6,778	346
Transfers (out)	(25,000)	(25,000)	-	25,000
Advances (out)	(25,000)	(25,000)	-	25,000
Total other financing sources (uses)	(43,651)	(43,568)	6,778	50,346
Net change in fund balance	(2,660,049)	(2,492,287)	241,281	2,733,568
Fund balance at beginning of year	8,654,177	8,654,177	8,654,177	-
Prior year encumbrances appropriated	111,990	111,990	111,990	-
Fund balance at end of year	$ 6,106,118	$ 6,273,880	$ 9,007,448	$ 2,733,568

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds
Assets:			
Current assets:			
Equity in pooled cash and investments	$ 1,962,640	$ 175,707	$ 2,138,347
Noncurrent assets:			
Depreciable capital assets, net	12,649	4,569	17,218
Total assets	1,975,289	180,276	2,155,565
Deferred outflows of resources:			
Pension - STRS	331,982	-	331,982
Pension - SERS	63,169	-	63,169
Total deferred outflows of resources	395,151	-	395,151
Liabilities:			
Accounts payable	1,158	3,914	5,072
Accrued wages and benefits	70,407	-	70,407
Compensated absences payable - current	86,364	-	86,364
Intergovernmental payable	10,620	-	10,620
Total current liabilities	168,549	3,914	172,463
Long-term liabilities:			
Compensated absences payable	99,006	-	99,006
Net pension liability	4,109,143	-	4,109,143
Total long-term liabilities	4,208,149	-	4,208,149
Total liabilities	4,376,698	3,914	4,380,612
Deferred inflows of resources:			
Pension - STRS	164,528	-	164,528
Pension - SERS	62,533	-	62,533
Total deferred inflows of resources	227,061	-	227,061
Net position:			
Investment in capital assets	12,649	4,569	17,218
Unrestricted (deficit)	(2,245,968)	171,793	(2,074,175)
Total net position (deficit)	$ (2,233,319)	$ 176,362	$ (2,056,957)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds
Operating revenues:			
Charges for services.	$ -	$ 295,440	$ 295,440
Tuition and fees.	2,339,434	-	2,339,434
Sales.	-	112,073	112,073
Other	5	-	5
Total operating revenues	2,339,439	407,513	2,746,952
Operating expenses:			
Salaries	1,702,504	1,812	1,704,316
Fringe benefits	3,060,981	309	3,061,290
Purchased services.	291,887	-	291,887
Materials and supplies	228,923	405,844	634,767
Depreciation	8,763	2,704	11,467
Other.	1,015	6,508	7,523
Total operating expenses.	5,294,073	417,177	5,711,250
Operating loss	(2,954,634)	(9,664)	(2,964,298)
Nonoperating revenues:			
Federal and State subsidies.	444,480	3,211	447,691
Change in net position	(2,510,154)	(6,453)	(2,516,607)
Net position at beginning of year.	276,835	182,815	459,650
Net position (deficit) at end of year . . .	$ (2,233,319)	$ 176,362	$ (2,056,957)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds
Cash flows from operating activities:			
Cash received from customers	$ 2,339,479	$ 407,619	$ 2,747,098
Cash received from other operations	5	-	5
Cash payments to employees for services	(1,649,079)	(1,812)	(1,650,891)
Cash payments for employee benefits	(436,118)	(309)	(436,427)
Cash payments for purchased services	(291,887)	-	(291,887)
Cash payments for materials and supplies	(230,038)	(400,015)	(630,053)
Cash payments for other expenses	(1,015)	(6,508)	(7,523)
Net cash (used in) operating activities	(268,653)	(1,025)	(269,678)
Cash flows from noncapital financing activities:			
Cash received from federal and state subsidies	444,480	-	444,480
Net cash provided by noncapital financing activities	444,480	-	444,480
Net increase (decrease) in cash and cash equivalents	175,827	(1,025)	174,802
Cash and cash equivalents at beginning of year	1,786,813	176,732	1,963,545
Cash and cash equivalents at end of year	$ 1,962,640	$ 175,707	$ 2,138,347
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	$ (2,954,634)	$ (9,664)	$ (2,964,298)
Adjustments:			
Depreciation	8,763	2,704	11,467
Federal donated commodities	-	3,211	3,211
Changes in assets and liabilities:			
(Increase) in accounts receivable	45	106	151
Increase (decrease) in accounts payable	(1,115)	2,618	1,503
(Decrease) in accrued wages and benefits	15,108	-	15,108
(Decrease) in intergovernmental payable	(2,565)	-	(2,565)
Increase in compensated absences payable	24,865	-	24,865
Increase in net pension liability	2,923,995	-	2,923,995
(Increase) in deferred outflows - pension	(297,395)	-	(297,395)
Increase in deferred inflows - pension	14,280	-	14,280
Net cash (used in) operating activities	$ (268,653)	$ (1,025)	$ (269,678)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016

	Private-Purpose Trust	
	Special Trust	**Agency**
Assets:		
Equity in pooled cash and investments . . .	$ 12,770	$ 165,127
Liabilities:		
Due to students.	-	$ 49,452
Due to others	-	115,675
Total liabilities	-	$ 165,127
Net position:		
Held in trust for scholarships	12,770	
Total net position.	$ 12,770	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Private-Purpose Trust	
	Special Trust	
Additions:		
Gifts and contributions.	$	10,340
Deductions:		
Scholarships awarded		8,733
Change in net position		1,607
Net position at beginning of year.		11,163
Net position at end of year	$	12,770

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

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 12 administrative and supervisory personnel, 62 certified employees and 60 non-certificated employees who provide services to 1,125 students and other community members.

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 Center's significant accounting policies are described below.

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Connect

Connect, formerly known as the North Coast Council, is a jointly governed organization serving twenty-four school districts and two educational service centers. Connect was organized pursuant to Ohio Revised Code Chapter 167 as a regional council of governments for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Connect operates as an information technology center pursuant to ORC 3301.075. Each of the governments of these schools supports Connect based on a per pupil charge dependent upon the software packages used. The Center contributed $9,718 to Connect during fiscal year 2016. Connect is governed by a four-member Board of Directors consisting of the Superintendent of the Educational Service Center of Cuyahoga County, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County, and the Executive Director of the Ohio Schools Council. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council Association

The Ohio Schools Council (Council) is a jointly governed organization among 161 school districts and career centers. The jointly governed organization was created by school districts and career 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 2016, the Center paid $750 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.

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

The Center participates in the natural gas purchase program. This program allows the Center to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 151 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.

PUBLIC ENTITY RISK POOLS

Suburban Health Consortium
The Suburban Health Consortium (the "Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverages for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Consortium. The Board of Education of each Consortium Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Board of Directors. The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement. Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal.

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

Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal, a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from Mr. Todd Puster, Treasurer of the Orange City School District (the "Fiscal Agent") at 32000 Chagrin Blvd., Pepper Pike, Ohio 44124-5974.

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 members pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

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

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the Center's major governmental fund:

General Fund - The general fund is the general operating fund of the Center and is used to account for all financial resources except those required to be accounted for in another fund.

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

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

PROPRIETARY FUNDS

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The Center's only proprietary funds are enterprise funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Center's major enterprise fund:

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

The nonmajor enterprise funds of the Center account for uniform school supplies and customer service operations.

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 funds account for student activities and on-behalf monies collected and disbursed to others pertaining to federal pell grants, federal direct student loans and workers' compensation.

C. Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Center at 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 limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

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

Fund Financial Statements - 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.

D. 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.

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

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

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenues Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the Center is sixty days after year-end.

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

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, payment in lieu of taxes, tuition, grants, and student fees.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, see Note 15 for deferred outflows of resources related the Center's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Career Center, see Note 15 for deferred inflows of resources related to the Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenditures/Expenses - On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for principal and interest on general long-term debt, which is recorded when due.

F. Cash and Investments

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

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

During fiscal year 2016, the Center's investments included negotiable certificates of deposit (negotiable CDs), a U.S. Government money market mutual fund, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices or current share price.

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 Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2016.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to $155,014, which includes $30,273 assigned from other Center funds.

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

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

G. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories consist of materials and supplies held for consumption.

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

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

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

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	50 years	N/A
Buildings and Improvements	15 - 30 Years	N/A
Furniture and Equipment	5 - 25 Years	5 - 25 Years
Vehicles	5 - 15 Years	N/A

J. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund loan receivables and payables. These interfund balances between governmental funds are eliminated for reporting on the statement of net position.

L. 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.

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

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 that are age 52 or older with five or more 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 as compensated absences payable in the fund from which the employee who has accumulated unpaid leave is paid.

M. Accrued Liabilities and Long-term Obligations

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments, compensated absences and net pension liabilities paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

N. Net Position

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

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

O. Fund Balance

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

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

P. 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 and community 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.

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

Q. 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.

R. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances outstanding at year end are reported as assigned in the general fund only, since they do not constitute expenditures or liabilities.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

S. 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.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Nether type of transaction occurred during fiscal year 2016.

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

U. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

V. Fair Market Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2016, the Center has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Center.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Center.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Center.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Center.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances/Net Position

Fund balances/net position at June 30, 2016 included the following individual fund deficits:

Nonmajor Governmetal Funds	Deficit
Adult Basic Education	$ 3,276
Major Enterprise Fund	
Adult and Community Education	2,233,319

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the nonmajor governmental fund resulted from adjustments for accrued liabilities. The deficit net position in the adult and community education fund resulted from reporting an accrued liability for the fund's portion of the Center's net pension liability.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

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

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

A. Cash on Hand

At June 30, 2016, the Center had $2,060 in undeposited cash on hand which is included on the financial statements as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2016, the carrying amount of all Center deposits was $3,477,982. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2016, $3,086,180 of the Center's bank balance of $3,586,180 was exposed to custodial risk as discussed below, while $500,000 was covered by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

C. Investments

As of June 30, 2016, the Center had the following investments and maturities:

		Investment Maturities				
Investment type	Fair Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater Than 24 months
FFCB	$ 538,765	$ -	$ 538,765	$ -	$ -	$ -
FNMA	507,178	-	-	170,470	336,708	-
FHLB	1,746,202	545,210	365,988	-	-	835,004
FHLMC	2,872,956	-	-	266,268	500,576	2,106,112
Negotiable CDs	2,017,822	-	-	-	-	2,017,822
U.S. Government Money Market Mutual Fund	304,097	304,097	-	-	-	-
STAR Ohio	252	252	-	-	-	-
Total	$ 7,987,272	$ 849,559	$ 904,753	$ 436,738	$ 837,284	$ 4,958,938

The weighted average maturity of investments is 2.41 years.

The Center's investments in negotiable CDs and federal agency securities are valued using quoted market prices (Level 1 inputs). The U.S. governments money market mutual fund is valued at the daily redemption value as reported by the underlying fund and are categorized as a Level 1 input of the fair value hierarchy. As discussed in Note 2.G, investments in STAR Ohio is reported at its share price.

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. 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. government money market mutual fund was rated AAAm by Standard & Poor's. The negotiable CDs are covered by the FDIC. The Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2016:

Investment type	Fair Value	% of Total
FFCB	$ 538,765	6.75
FNMA	507,178	6.35
FHLB	1,746,202	21.86
FHLMC	2,872,956	35.97
Negotiable CDs	2,017,822	25.26
U.S. Government Money Market Mutual Fund	304,097	3.81
STAR Ohio	252	-
Total	$ 7,987,272	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2016:

Cash and investments per note	
Carrying amount of deposits	$ 3,477,982
Investments	7,987,272
Cash on hand	2,060
Total	$ 11,467,314
Cash and investments per statement of net position	
Governmental activities	$ 9,151,070
Business-type activities	2,138,347
Private-purpose trust fund	12,770
Agency funds	165,127
Total	$ 11,467,314

NOTE 5 - RECEIVABLES

Receivables at June 30, 2016 consisted of property taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

	Governmental activities
Property taxes	$ 9,647,685
Payments in lieu of taxes	110,070
Accounts	256
Accrued interest	20,251
Intergovernmental	215,172
Total	$ 9,993,434

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year. At June 30, 2016 the Center’s intergovernmental receivable consisted of $22,518 in the ABLE and EL Civics instructional grants and $192,654 in the Carl Perkins grant.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2016 represent the collection of calendar year 2015 taxes. Public utility real and personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Center receives property taxes from Cuyahoga and Lorain Counties. The County Fiscal Officer and County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 was $2,992,539 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2015 was $1,504,726 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 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.

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

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$ 3,211,759,040	68.60	$ 3,273,534,740	69.53
Commercial/Industrial	1,346,859,250	28.76	1,305,891,970	27.74
Tangible Personal Property:				
Public utility	123,783,510	2.64	128,691,680	2.73
Total	$ 4,682,401,800	100.00	$ 4,708,118,390	100.00
Tax rate per $1,000 of assessed valuation	$ 2.40		$ 2.40	

NOTE 7 - CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 06/30/15	Additions	Deductions	Balance 06/30/16
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 261,490	$ -	$ -	$ 261,490
Total capital assets, not being depreciated	261,490	-	-	261,490
Capital assets, being depreciated:				
Buildings and improvements	14,783,292	-	-	14,783,292
Furniture and equipment	6,431,573	-	-	6,431,573
Vehicles	312,399	-	-	312,399
Total capital assets, being depreciated	21,527,264	-	-	21,527,264
Less: accumulated depreciation:				
Buildings and improvements	(10,251,844)	(317,505)	-	(10,569,349)
Furniture and equipment	(4,878,567)	(109,392)	-	(4,987,959)
Vehicles	(276,358)	(1,872)	-	(278,230)
Total accumulated depreciation	(15,406,769)	(428,769)	-	(15,835,538)
Governmental activities capital assets, net	$ 6,381,985	$ (428,769)	$ -	$ 5,953,216

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$ 394,553
Support services:	
Pupil	3,645
Instructional staff	2,579
Administration	585
Fiscal	597
Operations and maintenance	9,902
Central	16,492
Operation of non-instructional	416
Total depreciation expense	$ 428,769

Business-type activities capital asset activity for the fiscal year ended June 30, 2016, was as follows:

Business-Type activities:	Balance 06/30/15	Additions	Deductions	Balance 06/30/16
Capital assets, being depreciated:				
Furniture and equipment	$ 514,325	$ -	$ -	$ 514,325
Total capital assets, being depreciated	514,325	-	-	514,325
Less: accumulated depreciation:				
Furniture and equipment	(485,640)	(11,467)	-	(497,107)
Total accumulated depreciation	(485,640)	(11,467)	-	(497,107)
Business-Type activities capital assets, net	$ 28,685	$ (11,467)	$ -	$ 17,218

Depreciation expense was charged to the enterprise funds as follows:

Adult and Community Education	$ 8,763
Customer Services	2,704
Total depreciation expense	$ 11,467

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Balance 07/01/15	Increase	Decrease	Balance 06/30/16	Amount Due in One Year
Governmental activities:					
Capital lease obligation	$ 2,319,213	$ -	$ (327,851)	$ 1,991,362	$ 337,494
Net pension liability:					
STRS	15,550,659	-	(381,844)	15,168,815	-
SERS	4,910,734	-	(277,763)	4,632,971	-
Total net pension liability	20,461,393	-	(659,607)	19,801,786	-
Compensated absences	1,369,765	279,962	(470,375)	1,179,352	416,478
Total governmental activities	$ 24,150,371	$ 279,962	$ (1,457,833)	$ 22,972,500	$ 753,972
Business-type activities:					
Compensated absences	$ 160,505	$ 173,157	$ (150,092)	$ 183,570	$ 86,364
Net pension liability:					
STRS	900,712	2,537,562	-	3,438,274	-
SERS	284,436	386,433	-	670,869	-
Total net pension liability	1,185,148	2,923,995	-	4,109,143	-
Total business-type activities	$ 1,345,653	$ 3,097,152	$ (150,092)	$ 4,292,713	$ 86,364

Compensated absences in the governmental activities will paid from the general fund and compensated absences in the business-type activities will be paid from the adult and community education fund.

See Note 15 for further information on the Center's net pension liability. The Center pays obligations related to employee compensation from the fund benefitting from their service.

The capital lease obligation was paid from the general fund. See Note 9 for more detail.

The Center's overall legal debt margin was $423,730,655 with an unvoted debt margin of $4,708,118 at June 30, 2016.

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

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.

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

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

Buildings and Improvement	$	1,982,400
Less: Accumulated Depreciation:		(1,274,000)
Total Capital Assets, being depreciated, net	$	708,400

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

Fiscal Year Ending June 30,		Governmental Activities
2017	$	393,196
2018		393,196
2019		1,325,522
Total Minimum Lease Payments		2,111,914
Less: Amounts Representing Interest		(120,552)
Present Value of Minimum Lease Payments	$	1,991,362

NOTE 10 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

NOTE 10 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ 241,281
Net adjustment for revenue accruals	1,566,583
Net adjustment for expenditure accruals	246,109
Net adjustment for other sources/uses	(6,778)
Adjustment for encumbrances	227,027
GAAP basis	$ 2,274,222

NOTE 11 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2015	$ 19,924
Current year set-aside requirement	100,370
Current year offsets	(153,495)
Total	$ (33,201)
Balance carried forward to fiscal year 2017	$ -
Set-aside balance June 30, 2016	$ -

NOTE 12 - EMPLOYEE BENEFITS

A. 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.

B. 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.

C. 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.

NOTE 12 - EMPLOYEE BENEFITS - (Continued)

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 13 - RISK MANAGEMENT

A. 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 2016, 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	47,870,000
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.

B. 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.

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2016, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). 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.

D. Employee Health Benefits

The Center participates in the Suburban Health Consortium, a shared risk pool 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 14 - CONTINGENCIES

A. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2016, if applicable, cannot be determined at this time.

B. Litigation

The Center is not party to legal proceedings to legal proceedings that, in the opinion of management, would have a material impact on the financial statements.

NOTE 14 – CONTINGENCIES - (Continued)

C. Foundation Funding

Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional career centers must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Center, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Center.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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 payables* on both the accrual and modified accrual bases of accounting.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Center's contractually required contribution to SERS was $417,333 for fiscal year 2016. Of this amount, $7,799 is reported as an intergovernmental payable.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2016, plan members were required to contribute 13 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 2016 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $928,935 for fiscal year 2016. Of this amount, $107,429 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, 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	$ 5,303,840	$ 18,607,089	$ 23,910,929
Proportion of the net pension liability	0.09295040%	0.06732655%	
Pension expense	$ 195,473	$ 403,014	$ 598,487

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2016, 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	$ 82,083	$ 824,945	$ 907,028
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	-	42,726	42,726
Center contributions subsequent to the measurement date	417,333	928,935	1,346,268
Total deferred outflows of resources	$ 499,416	$ 1,796,606	$ 2,296,022
Deferred inflows of resources			
Net difference between projected and actual earnings on pension plan investments	$ 110,531	$ 890,386	$ 1,000,917
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	383,845	-	383,845
Total deferred inflows of resources	$ 494,376	$ 890,386	$ 1,384,762

$1,346,268 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, 2017. 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:			
2017	$ (165,957)	$ (149,803)	$ (315,760)
2018	(165,957)	(149,803)	(315,760)
2019	(165,961)	(149,800)	(315,761)
2020	85,582	426,691	512,273
Total	$ (412,293)	$ (22,715)	$ (435,008)

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
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%)	Discount Rate (7.75%)	1% Increase (8.75%)
Center's proportionate share of the net pension liability	$ 7,354,520	$ 5,303,840	$ 3,576,998

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2015, 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, 2015, 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, 2015. 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, 2015. 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, 2015.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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%)
Center's proportionate share of the net pension liability	$ 25,846,650	$ 18,607,089	$ 12,484,960

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the Center's surcharge obligation was $9,110.

NOTE 16 - POSTEMPLOYMENT BENEFITS - (Continued)

The Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $9,110, $14,792, and $19,578, respectively. The fiscal year 2016 amount will be paid in fiscal year 2017 and is recorded as an intergovernmental payable at June 30, 2016. The full amounts have been contributed for fiscal years 2015 and 2014.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care 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 fiscal years 2016 and 2015, STRS did not allocate any employer contributions to post-employment health care. The Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $70,845, and $69,889, respectively. No contributions were required for fiscal years 2016 and 2015. The full amount has been contributed for fiscal year 2014.

NOTE 17 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 199,208
Nonmajor governmental	8,392
Total	$ 207,600

NOTE 18 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2016, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General	Nonmajor Governmental	$ 206,239

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2015	2014	2013
Center's proportion of the net pension liability	0.09295400%	0.10295800%	0.10295800%
Center's proportionate share of the net pension liability	$ 5,303,840	$ 5,210,646	$ 5,629,898
Center's covered-employee payroll	$ 3,610,501	$ 3,486,934	$ 3,080,535
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	146.90%	149.43%	182.76%
Plan fiduciary net position as a percentage of the total pension liability	69.16%	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2015	2014	2013
Center's proportion of the net pension liability	0.06732655%	0.06757219%	0.06757219%
Center's proportionate share of the net pension liability	$ 18,607,089	$ 16,435,895	$ 17,193,952
Center's covered-employee payroll	$ 7,907,521	$ 8,319,285	$ 8,393,431
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.31%	197.56%	204.85%
Plan fiduciary net position as a percentage of the total pension liability	72.10%	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	$ 417,333	$ 475,864	$ 483,289	$ 426,346
Contributions in relation to the contractually required contribution	(417,333)	(475,864)	(483,289)	(426,346)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 2,980,950	$ 3,610,501	$ 3,486,934	$ 3,080,535
Contributions as a percentage of covered-employee payroll	14.00%	13.18%	13.86%	13.84%

2012		2011		2010		2009		2008		2007	
$	411,273	$	353,680	$	376,055	$	264,386	$	266,896	$	292,041
	(411,273)		(353,680)		(376,055)		(264,386)		(266,896)		(292,041)
$	-	$	-	$	-	$	-	$	-	$	-
$	3,057,792	$	2,813,683	$	2,777,363	$	2,686,850	$	2,717,882	$	2,734,466
	13.45%		12.57%		13.54%		9.84%		9.82%		10.68%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Contractually required contribution	$ 928,935	$ 1,107,053	$ 1,081,507	$ 1,091,146
Contributions in relation to the contractually required contribution	(928,935)	(1,107,053)	(1,081,507)	(1,091,146)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered-employee payroll	$ 6,635,250	$ 7,907,521	$ 8,319,285	$ 8,393,431
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
$ 977,402	$ 909,723	$ 949,493	$ 888,374	$ 916,622	$ 828,139
(977,402)	(909,723)	(949,493)	(888,374)	(916,622)	(828,139)
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,518,477	$ 6,997,869	$ 7,303,792	$ 6,833,646	$ 7,050,938	$ 6,370,300
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014, 2015, and 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014, 2015, and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal years 2014, 2015, and 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014, 2015, and 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Year	Federal CFDA Number	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Nutrition Cluster				
School Breakfast Program	2016	10.553	6,255	
National School Lunch Program	2016	10.555	14,219	3,211
Total Nutrition Cluster			20,474	3,211
Total U.S. Department of Agriculture			20,474	3,211
U.S. DEPARTMENT OF EDUCATION				
Direct Assistance Programs				
Student Financial Assistance Cluster				
Federal Pell Grant Program	2016	84.063	514,999	
Subtotal Federal Pell Grant Program			514,999	-
Federal Direct Student Loans	2016	84.268	634,158	
Subtotal Direct Student Loans			634,158	-
Total Student Financial Assistance Cluster			1,149,157	-
Passed Through Ohio Department of Education				
Improving Teacher Quality, Title II-A	2016	84.367	1,476	
Total Improving Teacher Quality, Title II-A			1,476	-
Adult Education - Basic Grants to States (ABLE)	2015	84.002	1,622	
Adult Education - Basic Grants to States (ABLE)	2016	84.002	337,920	
Subtotal Adult Education Passed Through Ohio Department of Education			339,542	-
Passed Through Cuyahoga Community College				
Adult Education - Basic Grants to States (EL/Civics)	2016	84.002	29,478	
Subtotal Adult Education Passed Through Cuyahoga Community College			29,478	-
Total Adult Education - Basic Grants to States			369,020	-
Passed Through Ohio Department of Education				
Career and Technical Education - Basic Grants to States (Carl D. Perkins)	2015	84.048	2,138	
Career and Technical Education - Basic Grants to States (Carl D. Perkins)	2016	84.048	301,058	
Subtotal Career and Technical Education Passed Through Ohio Department of Education			303,196	-
Passed Through Lorain County Joint Vocational School				
Career and Technical Education - Basic Grants to States	2016	84.048	132,703	
Subtotal Career and Technical Education Passed Through Lorain County Joint Vocational School			132,703	-
Total Career and Technical Education - Basic Grants to States			435,899	-
Total U.S. Department of Education			1,955,552	-
Total Federal Financial Assistance			1,976,026	3,211

The accompanying notes are an integral part of this schedule.

POLARIS CAREER CENTER
CUYAHOGA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Polaris Career Center (the Center's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – CHILD NUTRITION CLUSTER

The 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 D – 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, 2016, 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 22, 2017.

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
Auditor of State
Columbus, Ohio

March 22, 2017

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

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

To the Board of Education:

Report on Compliance for the 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) *Compliance Supplement* that could directly and materially affect the Polaris Career Center's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Center's compliance for the Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2016.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
www.ohioauditor.gov

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 the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Center's internal control over compliance.

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 22, 2017

POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control 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 weaknesses in internal control 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**	No
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(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
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

Dave Yost • Auditor of State

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 6, 2017