Collins Career Center
Lawrence County
Single Audit
For the Fiscal Year Ended June 30, 2017

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT
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Dave Yost · Auditor of State

Board of Education
Collins Career Center
11627 St. Rt. 243
Chesapeake, Ohio 45619

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

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

Dave Yost
Auditor of State

April 20, 2018

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Lawrence County
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Independent Auditor's Report

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Collins Career Center, Lawrence County, Ohio (the Center), as of and for the year ended June 30, 2017, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Collins Career Center, Lawrence County, Ohio, as of June 30, 2017, and the respective changes in financial position and the respective budgetary comparison for the General and Adult Education Funds thereof for the year then ended in accordance with 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 that the management's discussion and analysis, the schedule of the Center's proportionate share of the net pension liability, and the schedule of the Center contributions on pages 4 through 9, 47, and 48, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements The schedule of federal awards expenditures, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of federal awards expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2018 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's 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.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

February 23, 2018

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

Financial Highlights

Key financial highlights for the fiscal year 2017 are as follows:

- Net position of governmental activities decreased $2,246,988.

- General revenues accounted for $6,914,848 or 43% of total revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for $9,020,919 or 57% of total revenues of $15,935,767.

- The Center had $18,182,755 in expenses related to governmental activities; $9,020,919 of these expenses was offset by program specific charges for services and sales, grants, contributions, and interest. General revenues and beginning net position were adequate to provide for the rest of these programs.

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 Collins Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

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 as the Center's most significant funds with all other non-major funds presented in total in one column.

Reporting the Center as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the Center to provide programs and activities for students, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2017?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, all of the Center's activities are reported as governmental activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major funds begins on page 8. Fund financial statements 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 major governmental funds are the general fund, adult education special revenue fund, and the permanent improvement capital projects 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 fiscal 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 governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds The Center accounts for resources held for the benefit of parties outside the Center as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Center's own programs. The Center uses accrual accounting for fiduciary funds.

The Center as a Whole

Recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2017 compared to 2016.

Table 1
Net Position

	2017	2016
Assets		
Current and Other Assets	$4,429,200	$4,653,182
Capital Assets, Net	26,905,822	27,031,571
Total Assets	31,335,022	31,684,753
Deferred Outflows of Resources	4,786,099	2,054,270
Liabilities		
Current and Other Liabilities	1,244,677	1,029,451
Long-Term Liabilities	27,567,982	22,592,046
Total Liabilities	28,812,659	23,621,497
Deferred Inflows of Resources	2,855,625	3,417,701

Table 1
Net Position
(Continued)

	2017	2016
Net Position		
Net Investment in Capital Assets	$21,466,697	$21,496,918
Restricted	729,317	720,478
Unrestricted (Deficit)	(17,743,177)	(15,517,571)
Total Net Position	$4,452,837	$6,699,825

Current and other assets remained relatively consistent in total. However, cash and cash equivalents decreased significantly due to a significant increase in expenses, which was only partially offset by an increase in revenues. This decrease was partially offset by an increase in intergovernmental receivables and property taxes receivable. Intergovernmental receivables increased due to timing of draws resulting in a larger balance of grants available at year end compared to the prior year. Property taxes receivable increased between years due to an increase in estimates for property taxes to be collected in fiscal year 2018 compared to the prior year. Capital assets decreased due to depreciation in excess of additions to construction in progress for the building of the adult education facility and other additions. Deferred outflows of resources increased due to the increase in amounts related to the Center's proportionate share of the state-wide net pension liability. Current and other liabilities increased due to increases in accounts payable and accrued vacation leave payable. This decrease was partially offset by an increase in accrued wages and benefits payable. Long-term liabilities increased due to an increase in net pension liability estimates and the issuance of school improvement bonds during the year. This increase was partially offset for regular debt payments. Deferred inflows of resources decreased due to the decrease in amounts related to the Center's proportionate share of the state-wide net pension liability.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2017, and comparisons to fiscal year 2016.

Table 2
Change in Net Position

	2017	2016
Revenues		
Program Revenues		
Charges for Services and Sales	$3,380,037	$3,135,973
Operating Grants, Contributions and Interest	5,635,385	5,474,568
Capital Grants, Contributions and Interest	5,497	0
Total Program Revenues	9,020,919	8,610,541
General Revenues		
Property Taxes	2,597,803	2,558,395
Grants and Entitlements	4,020,357	4,166,644
Miscellaneous	296,688	312,965
Total General Revenues	6,914,848	7,038,004
Total Revenues	15,935,767	15,648,545

Table 2
Change in Net Position
(Continued)

	2017	2016
Expenses		
Instruction		
Regular	$195,803	$113,636
Vocational	7,504,541	5,942,460
Adult/Continuing	3,477,223	3,640,997
Support Services		
Pupils	608,579	525,778
Instructional Staff	34,908	68,124
Board of Education	100,528	88,246
Administration	1,598,035	1,340,466
Fiscal	1,045,254	872,678
Operation and Maintenance of Plant	1,191,364	847,970
Central	221,265	310,005
Operation of Non-Instructional Services	1,829,403	1,772,094
Extracurricular Activities	19,348	34,210
Interest and Fiscal Charges	356,504	331,784
Total Expenses	18,182,755	15,888,448
Change in Net Position	(2,246,988)	(239,903)
Net Position Beginning of Year	6,699,825	6,939,728
Net Position End of Year	$4,452,837	$6,699,825

The statement of activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Charges for services and sales increased due to an increase in enrollment in the adult education program. Operating grants, contributions and interest increased due to an increase in funding for the adult education program. General revenues increased due to an increase in property tax collections.

Adult/continuing instruction expenses increased due to increased activity for the adult education program. Various other expense lines increased due to increases in personnel costs. Expenses for operation and maintenance of plant increased due to repair expenses to the administration building.

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Expenses				
Instruction				
Regular	$195,803	$26,558	$113,636	$10,621
Vocational	7,504,541	4,932,126	5,942,460	3,675,466
Adult/Continuing	3,477,223	268,209	3,640,997	573,356
Support Services				
Pupils	608,579	359,579	525,778	138,945
Instructional Staff	34,908	10,639	68,124	16,352
Board of Education	100,528	100,423	88,246	88,083
Administration	1,598,035	1,196,558	1,340,466	1,003,292
Fiscal	1,045,254	627,191	872,678	460,680
Operation and Maintenance of Plant	1,191,364	1,145,722	847,970	809,964
Central	221,265	65,548	310,005	60,900
Operation of Non-Instructional Services	1,829,403	53,452	1,772,094	74,318
Extracurricular Activities	19,348	19,327	34,210	34,146
Interest and Fiscal Charges	356,504	356,504	331,784	331,784
Total Expenses	$18,182,755	$9,161,836	$15,888,448	$7,277,907

66 percent of vocational instruction activities are supported through taxes and other general revenues.

The Center's Funds

The Center's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $15,883,815 and expenditures of $17,173,326.

General Fund – The general fund is the primary operating fund of the Center. At the end of 2017, unassigned fund balance was $58,797, while total fund balance was $63,347. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 1 percent of total general fund expenditures, while total fund balance also represents 1 percent of general fund expenditures. The fund balance of the Center's general fund decreased $630,618 during the current fiscal year. This decrease is due to an increase in expenditures that outpaced an increase in revenues and for operating transfers to various other funds to subsidize operations.

Adult Education Fund – The fund balance of the adult education fund at June 30, 2017 was deficit of $87,558, a decrease of $173,626 from the prior year. Although revenues were up and expenditures were down from the prior year, the fund did not receive a subsidizing transfer in the current year as in the prior year, which resulted in a decrease in fund balance as expenditures were still higher than revenues.

Permanent Improvement Fund – The fund balance of the permanent improvement fund at June 30, 2017 was $564,011, an increase of $66,185. This increase is due to an increase in tax revenue between years.

General Fund Budgeting Highlights

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

During the course of fiscal year 2017, the Center amended its appropriations for expenditures and other financing uses by $2,534,916 due to extremely conservative budgeting at the beginning of the year and due to an increase in transfers. Estimated resources were amended by $1,441,169 from the original to the final budget due to an increase in expected taxes and intergovernmental revenues as well as transfers in. The Center's ending unobligated general fund balance was $477,953.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Center had $26,905,822 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to 2016.

Table 4
Capital Assets
(Net of Depreciation)

	2017	2016
Land	$174,360	$174,360
Construction in Progress	0	569,653
Land Improvements	48,697	22,890
Buildings and Improvements	26,658,296	26,254,840
Furniture and Equipment	24,469	9,828
Totals	$26,905,822	$27,031,571

See note 9 for more information on capital assets.

Debt

At June 30, 2017, the Center had the following debt outstanding:

Table 5
Outstanding Debt at Fiscal Year End

	2017	2016
School Improvement Bonds	$939,125	$569,653
Certificates of Participation	4,500,000	4,965,000
	$5,439,125	$5,534,653

See note 14 for more information on debt.

Economic Factors

Collins Career Center is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Richard Sketel, Treasurer at Collins Career Center, 11627 State Route 243, Chesapeake, Ohio 45619.

Collins Career Center

Statement of Net Position

As of June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$938,921
Materials and Supplies Inventory	3,421
Intergovernmental Receivable	251,916
Property Taxes Receivable	3,234,942
Nondepreciable Capital Assets	174,360
Depreciable Capital Assets, net	26,731,462
Total Assets	31,335,022
Deferred Outflows of Resources:	
Pension	4,786,099
Liabilities:	
Accounts Payable	143,573
Accrued Wages and Benefits Payable	645,649
Intergovernmental Payable	180,758
Accrued Interest Payable	26,766
Accrued Vacation Leave Payable	247,931
Long-Term Liabilities:	
Due Within One Year	590,717
Due in More Than One Year	5,316,337
Net Pension Liability	21,660,928
Total Liabilities	28,812,659
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	2,719,357
Pension	136,268
Total Deferred Inflows of Resources	2,855,625
Net Position:	
Net Investment in Capital Assets	21,466,697
Restricted for Capital Outlay	604,021
Restricted for Other Purposes	125,296
Unrestricted (Deficit)	(17,743,177)
Total Net Position	$4,452,837

The notes to the basic financial statements are an integral part of this statement

Collins Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instruction:					
Regular	$195,803	$43,622	$125,623	$0	($26,558)
Vocational	7,504,541	24,096	2,548,319	0	(4,932,126)
Adulting/Continuing	3,477,223	2,419,955	789,059	0	(268,209)
Support Services:					
Pupils	608,579	409	248,591	0	(359,579)
Instructional Staff	34,908	5	24,264	0	(10,639)
Board of Education	100,528	105	0	0	(100,423)
Administration	1,598,035	300,022	101,220	235	(1,196,558)
Fiscal	1,045,254	372,355	40,446	5,262	(627,191)
Operation and Maintenance of Plant	1,191,364	34,898	10,744	0	(1,145,722)
Central	221,265	118,363	37,354	0	(65,548)
Operation of Non-Instructional Services	1,829,403	66,186	1,709,765	0	(53,452)
Extracurricular Activities	19,348	21	0	0	(19,327)
Interest and Fiscal Charges	356,504	0	0	0	(356,504)
Total Governmental Activities	$18,182,755	$3,380,037	$5,635,385	$5,497	(9,161,836)

General Revenues:	
Property Taxes Levied for:	
General Purposes	2,120,883
Capital Outlay	476,920
Grants and Entitlements not Restricted for Specific Programs	4,020,357
Miscellaneous	296,688
Total General Revenues	6,914,848
Change in Net Position	(2,246,988)
Net Position Beginning of Year	6,699,825
Net Position End of Year	$4,452,837

The notes to the basic financial statements are an integral part of this statement

Collins Career Center
Balance Sheet
Governmental Funds
As of June 30, 2017

	General Fund	Adult Education Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$335,448	$48,658	$508,198	$46,617	$938,921
Materials and Supplies Inventory	0	0	0	3,421	3,421
Interfund Receivable	217,989	0	0	0	217,989
Intergovernmental Receivable	0	0	0	251,916	251,916
Property Taxes Receivable	2,667,932	0	567,010	0	3,234,942
Total Assets	$3,221,369	$48,658	$1,075,208	$301,954	$4,647,189
Liabilities:					
Accounts Payable	$44,331	$35,251	$0	$63,991	$143,573
Accrued Wages and Benefits Payable	541,463	80,065	0	24,121	645,649
Interfund Payable	0	0	0	217,989	217,989
Intergovernmental Payable	148,757	20,900	0	11,101	180,758
Total Liabilities	734,551	136,216	0	317,202	1,187,969
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year Operations	2,248,170	0	471,187	0	2,719,357
Unavailable Revenue	175,301	0	40,010	90,108	305,419
Total Deferred Inflows of Resources	2,423,471	0	511,197	90,108	3,024,776
Fund Balances:					
Nonspendable	329	0	0	3,421	3,750
Restricted	0	0	564,011	37,721	601,732
Assigned	4,221	0	0	0	4,221
Unassigned (Deficit)	58,797	(87,558)	0	(146,498)	(175,259)
Total Fund Balances	63,347	(87,558)	564,011	(105,356)	434,444
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$3,221,369	$48,658	$1,075,208	$301,954	$4,647,189

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center

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

Total Governmental Fund Balances		$434,444
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		26,905,822
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	215,311	
Grants	90,108	
Total		305,419
Accrued vacation leave payable is recognized for earned vacation benefits that are to be used within one year but are not recognized on the balance sheet until due.		(247,931)
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.		(26,766)
The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	4,786,099	
Deferred Inflows-Pension	(136,268)	
Net Pension Liability	(21,660,928)	
Total		(17,011,097)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Certificates of Participation	(4,500,000)	
General Obligation School Improvement Bonds	(939,125)	
Sick Leave Benefits Payable	(467,929)	
Total		(5,907,054)
Net Position of Governmental Activities		$4,452,837

The notes to the basic financial statements are an integral part of this statement

Collins Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Adult Education Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$2,142,962	$0	$484,975	$0	$2,627,937
Intergovernmental	5,978,011	946,977	335,375	2,313,293	9,573,656
Interest	0	0	5,497	0	5,497
Tuition and Fees	10,511	2,998,623	0	0	3,009,134
Customer Sales and Services	304,041	676	0	66,186	370,903
Miscellaneous	160,317	131,471	0	4,900	296,688
Total Revenues	8,595,842	4,077,747	825,847	2,384,379	15,883,815
Expenditures:					
Current:					
Instruction:					
Regular	48,703	0	0	142,079	190,782
Vocational	5,791,170	0	0	223,360	6,014,530
Adult/Continuing	0	3,344,999	0	69,859	3,414,858
Support Services:					
Pupils	283,305	0	0	206,115	489,420
Instructional Staff	2,843	0	0	27,446	30,289
Board of Education	97,466	0	0	0	97,466
Administration	914,006	413,162	4,200	16,508	1,347,876
Fiscal	761,430	177,070	17,917	0	956,417
Operation and Maintenance of Plant	774,291	47,035	0	323,360	1,144,686
Central	40,456	163,535	0	0	203,991
Operation of Non-Instructional Services	0	0	0	1,821,501	1,821,501
Extracurricular Activities	19,348	0	0	0	19,348
Capital Outlay	55,212	0	466,080	0	521,292
Debt Service:					
Principal	0	96,608	465,000	0	561,608
Interest	0	8,964	350,298	0	359,262
Total Expenditures	8,788,230	4,251,373	1,303,495	2,830,228	17,173,326
Excess of Revenues Under Expenditures	(192,388)	(173,626)	(477,648)	(445,849)	(1,289,511)
Other Financing Sources (Uses):					
Transfers In	0	0	77,753	360,477	438,230
General Obligation Bonds Issued	0	0	466,080	0	466,080
Transfers Out	(438,230)	0	0	0	(438,230)
Total Other Financing Sources (Uses)	(438,230)	0	543,833	360,477	466,080
Net Change in Fund Balances	(630,618)	(173,626)	66,185	(85,372)	(823,431)
Fund Balance (Deficit) at Beginning of Year	693,965	86,068	497,826	(19,984)	1,257,875
Fund Balance (Deficit) at End of Year	$63,347	($87,558)	$564,011	($105,356)	$434,444

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		($823,431)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	521,292	
Current Year Depreciation	(647,041)	
Total		(125,749)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	(30,134)	
Grants	82,086	
Total		51,952
Repayments of certificates of participation are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not result in an expense in the statement of activities.		561,608
General obligation bonds issued are reported in the statement of revenues, expenditures, and changes in fund balances as other financing sources but are not reported as revenues in the statement of activities.		(466,080)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt in the statement of net position.		2,758
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		987,865
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,151,419)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	(85,308)	
Sick Leave Benefits Payable	(199,184)	
Total		(284,492)
Net Change in Net Position of Governmental Activities		($2,246,988)

The notes to the basic financial statements are an integral part of this statement

Collins Career Center
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$1,978,114	$2,160,169	$2,160,169	$0
Intergovernmental	5,715,000	6,070,366	6,070,366	0
Tuition and Fees	10,000	10,511	10,511	0
Miscellaneous	89,000	150,149	150,149	0
Total Revenues	7,792,114	8,391,195	8,391,195	0
Expenditures:				
Current:				
Instruction:				
Vocational	5,254,577	5,785,588	5,785,588	0
Support Services:				
Pupils	228,682	280,647	280,647	0
Instructional Staff	5,000	2,843	2,843	0
Board of Education	83,645	97,186	97,186	0
Administration	881,734	900,943	900,943	0
Fiscal	479,195	439,459	439,459	0
Operation and Maintenance of Plant	240,626	828,960	828,960	0
Central	25,000	34,095	34,095	0
Total Expenditures	7,198,459	8,369,721	8,369,721	0
Excess of Revenues Over Expenditures	593,655	21,474	21,474	0
Other Financing Sources (Uses):				
Transfers In	0	509,615	509,615	0
Transfers Out	0	(1,031,181)	(1,031,181)	0
Total Other Financing Sources (Uses)	0	(521,566)	(521,566)	0
Net Change in Fund Balance	593,655	(500,092)	(500,092)	0
Fund Balance at Beginning of Year	978,045	978,045	978,045	0
Fund Balance at End of Year	$1,571,700	$477,953	$477,953	$0

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$963,171	$946,977	$946,977	$0
Tuition and Fees	3,653,927	2,998,623	2,998,623	0
Customer Sales and Services	0	676	676	0
Miscellaneous	81,429	131,471	131,471	0
Total Revenues	4,698,527	4,077,747	4,077,747	0
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	3,676,088	3,470,138	3,470,138	0
Support Services:				
Administration	475,966	414,487	414,487	0
Fiscal	174,751	178,598	178,598	0
Operation and Maintenance of Plant	42,468	46,926	46,926	0
Central	201,551	147,128	147,128	0
Total Expenditures	4,570,824	4,257,277	4,257,277	0
Net Change in Fund Balance	127,703	(179,530)	(179,530)	0
Fund Balance at Beginning of Year	228,188	228,188	228,188	0
Fund Balance at End of Year	$355,891	$48,658	$48,658	$0

The notes to the basic financial statements are an integral part of this statement.

Collins Career Center
Statement of Assets and Liabilities
Agency Funds
As of June 30, 2017

Assets:	
Equity in Pooled Cash and Cash Equivalents	$10,200
Total Assets	$10,200
Liabilities:	
Undistributed Monies	$10,200
Total Liabilities	$10,200

The notes to the basic financial statements are an integral part of this statement.

Note 1 - Description of the Center and Reporting Entity

Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of two members of the Lawrence County Educational Service Center Board of Education, two members from the Ironton City School District Board of Education, and one member from the Chesapeake Union Exempted Village School District Board of Education, which possesses its own budgeting and taxing authority. The Center exposes students to job training, leading to employment upon graduation from high school.

The Center is staffed by 35 classified employees, 124 certificated full-time teaching personnel, and 9 administrative employees who provide services to 571 students and other community members. The Center currently operates one instructional building.

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure the financial statements are not misleading. The stand-alone government of the Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Collins Career 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; the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt, or the levying of taxes, and there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The Center has no component units.

The Center participates in four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. The jointly governed organizations are the South Central Ohio Computer Association Council of Governments and the Coalition of Rural and Appalachian Schools. The insurance purchasing pools are the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Lawrence County Schools Council of Governments Health Benefits Program. These organizations are presented in notes 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

> *General Fund* The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose, provided it is expended or transferred according to the general laws of Ohio.
>
> *Adult Education Fund* The adult education special revenue fund is used to account for transactions made in connection with adult education classes. Revenues include, but are not limited to, tuition from patrons and students and reimbursements from the State Department of Education. Expenditures include supplies, salaries, and textbooks.
>
> *Permanent Improvement Fund* The permanent improvement capital projects fund is used to account for all transactions related to the acquiring, constructing, or improving of permanent improvements as authorized by Chapter 5705, Revised Code.

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

Fiduciary Fund Types 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. 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 Federal student loans administered by the Center.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and certain deferred inflows and outflows 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.

Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The Center reports deferred outflows of resources in the government-wide statement of net position for amounts related to pensions, which will be further discussed in note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, unavailable revenue, and amounts related to pensions. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as a deferred inflow of resources in the period the amounts become available. Amounts related to pensions are reported only in the government-wide statement of net position and will be further discussed in note 12.

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

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

Cash and Cash Equivalents

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

During fiscal year 2017, the Center had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. The Center's Board of Education has allocated interest earned on interim funds to the permanent improvement fund. Interest revenue credited to the permanent improvement fund during fiscal year 2017 amounted to $5,497.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption.

Capital Assets

The Center's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. 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.

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

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	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	30-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years

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 Center will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as "accrued vacation leave payable", rather than long-term liabilities, as the balances are usually used by employees within the calendar year earned. At the employee's request, any carry-over may be paid to the employee each year, or carried over and paid upon termination, up to an amount equal to the sum of the last three years' accruals.

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 classified and certified employees after ten years of current service with the Center.

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

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the retirement benefits fund, which is reported as a part of the general fund for financial reporting purposes in accordance with generally accepted accounting principles. The Center reported no matured compensated absences payable at June 30, 2017.

Accrued Liabilities and Long-term Obligations

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

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

Interfund Activity

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

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

Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

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 governmental funds. The classifications are as follows:

> *Nonspendable* The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
>
> *Restricted* Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislations (Board resolutions).
>
> *Committed* The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Center's Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Center's Board of Education or a Center official delegated that authority by resolution or state statute.

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

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

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows and outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local, federal, and state grants restricted to expenditure for specified purposes. The Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the Center's net position is restricted by enabling legislation.

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. The Center did not report either type of transaction for the year ended June 30, 2017.

Estimates

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

Budgetary Process

All funds, other than the 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Center's Board of Education. The legal level of control has been established by the Board of Education at the fund level. The Center Treasurer has been given the authority to allocate appropriations among functions and objects within all funds.

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

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. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Pensions

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

Note 3 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2017:

Major Fund:	
Adult Education	$87,558
Nonmajor Funds:	
Food Service	24,366
Classroom Facilities Maintenance	32,747
Career Development	2,862
Bond Retirement	83,102

The general fund is liable for the deficits in the special revenue and debt service funds and provides operating transfers when cash is required, not when accruals occur.

Note 4 - Fund Balances

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

Fund Balances	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Unclaimed Monies	$329	$0	$0	$0	$329
Inventory	0	0	0	3,421	3,421
Total	329	0	0	3,421	3,750
Restricted					
State Grants	0	0	0	4,826	4,826
Federal Grants	0	0	0	32,895	32,895
Capital Improvements	0	0	564,011	0	564,011
Total	0	0	564,011	37,721	601,732
Assigned					
Student Activities	4,221	0	0	0	4,221
Unassigned (Deficit)	58,797	(87,558)	0	(146,498)	(175,259)
Total	$63,347	($87,558)	$564,011	($105,356)	$434,444

Note 5 - Budgetary Basis of Accounting

While the Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statements of revenues, expenditures and changes in fund balances - budget and actual (budgetary basis) presented for the general fund and adult education and vocational major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under general accepted accounting principles and were reported with the general fund (GAAP basis).

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	($630,618)	($173,626)
Revenue Accruals	619,177	0
Expenditure Accruals	(512,820)	(5,904)
Perspective Differences	24,169	0
Budget Basis	($500,092)	($179,530)

Note 6 - Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligations or securities issued by the United States Treasury, or any other obligations guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the state of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the entire amount of the Center's bank balance of $1,086,447 was either covered by the federal deposit insurance corporation or collateralized with pooled securities held by the pledging financial institution in the manner described below.

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located within the boundaries of the Center. Real property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, the lien date. Assessed values for real property taxes are established by state statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2017 represents collections of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Center receives property taxes from Lawrence County. The 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, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2017, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected 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.

The amount available as an advance at June 30, 2017 was $244,461 in the general fund and $55,813 in the permanent improvement capital projects fund.

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

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

	2016 Second-Half Collections		2017 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential Real Property	$734,529,530	71%	$795,438,610	65%
Commercial/Industrial Real Property	109,149,900	10%	114,988,010	9%
Public Utility Real & Personal Property	196,465,990	19%	319,804,390	26%
Total	$1,040,145,420	100%	$1,230,231,010	100%
Tax Rate per $1,000 as Assessed Valuation	$2.90		$2.90	

Note 8 - Receivables

Receivables at June 30, 2017 consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

Nonmajor Fund:	
Perkins Adult Program	$167,128
Perkins Secondary Program	44,217
Adult Basic Literacy Education	40,571
Total	$251,916

Note 9 - Capital Assets

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

	Balance 6/30/16	Additions	Deletions	Balance 6/30/17
Capital Assets:				
Capital Assets Not Being Depreciated				
Land	$174,360	$0	$0	$174,360
Construction in Progress	569,653	466,080	(1,035,733)	0
Total Capital Assets Not Being Depreciated	744,013	466,080	(1,035,733)	174,360
Depreciable Capital Assets:				
Land Improvements	663,436	31,310	0	694,746
Buildings and Improvements	33,049,384	1,042,089	0	34,091,473
Furniture and Equipment	2,467,560	17,546	0	2,485,106
Vehicles	235,913	0	0	235,913
Total Capital Assets Being Depreciated	36,416,293	1,090,945	0	37,507,238
Accumulated Depreciation:				
Land Improvements	(640,546)	(5,503)	0	(646,049)
Buildings and Improvements	(6,794,544)	(638,633)	0	(7,433,177)
Furniture and Equipment	(2,457,732)	(2,905)	0	(2,460,637)
Vehicles	(235,913)	0	0	(235,913)
Total Accumulated Depreciation	(10,128,735)	(647,041)	0	(10,775,776)
Total Capital Assets Being Depreciated, Net	26,287,558	443,904	0	26,731,462
Total Capital Assets, Net	$27,031,571	$909,984	($1,035,733)	$26,905,822

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$2,794
Vocational	589,251
Adult/Continuing	31,088
Support Services:	
Board of Education	2,031
Administration	7,961
Fiscal	1,380
Operation and Maintenance of Plant	5,442
Central	4,491
Operation of Non-Instructional Services	2,603
Total Depreciation Expense	$647,041

Note 10 - Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Center contracted with Catlin Indemnity Company for automobile and property coverage and commercial umbrella liability coverage for fiscal year 2017.

The types and amounts of coverage are as follows:

General Liability:	
Each Occurrence	$1,000,000
Damage to Rented Premises	1,000,000
Aggregate Limit	2,000,000
Products-Completed Operations Aggregate Limit	2,000,000
Personal Injury	1,000,000
Excess Liability:	
Each Occurrence	3,000,000
Aggregate Limit	3,000,000
Employee Benefits Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Building and Business Personal Property Coverage ($1,000 deductible)	29,402,583
Automobile Liability ($500 deductible)	1,000,000

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

Worker's Compensation

For fiscal year 2017, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

Note 11 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws.

Non-teaching employees earn ten to twenty days of vacation per fiscal year, depending upon the length of service. Administrative personnel earn twenty days of vacation per fiscal year. Maximum days accrued shall not exceed 60 days. Accumulated, unused vacation time is paid to non-teaching employees and administrative personnel upon termination of employment not to exceed the amount accrued within three years before the date of separation. Teaching employees, part-time employees and employees employed for less than 12 months do not earn vacation time.

Teaching employees, administrative personnel and non-teaching employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulates to a maximum of 295 days for all employees. Teaching employees upon retirement who have taught 10 or more years in Collins Career Center are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Administrative personnel and non-teaching employees are paid one-fourth of the total sick leave accumulation up to a maximum of 50 days. Teaching employees, administrative personnel and non-teaching employees who have been employed in the Center for 10 years or more, upon retirement, and have accrued unused sick leave credit of 200 days or more shall be paid an attendance bonus of an additional 10 days above the maximum of 50 days and shall receive an extra bonus of one additional day for each year of service after the tenth year of service.

Life Insurance and Health Care Benefits

The Center provides life insurance and accidental death and dismemberment insurance to all classified and full-time administrative employees through The Guardian in the amount of $40,000.

Health insurance is provided by Anthem Blue Cross/Blue Shield. Premiums for this coverage are $1,725.17 for family coverage and $698.45 for single coverage per month. The Center pays 80% of the family coverage premium and 95% of the single coverage premium for full-time administrators, adult education teachers, and non-certified staff.

Vision insurance is provided by The Guardian. Premiums for this coverage are $8.23 single and $17.70 family coverage per month. The Center pays 100% of the premium for single plans and 46.5% of the premium for family plans.

Dental insurance is provided by The Guardian. Premiums for this coverage are $20.08 single and $69.59 family coverage per month. The Center pays 100% of the premium for single plans and 29% of the premium for family plans.

Note 12 - 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 payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The Center's contractually required contribution to SERS was $164,664 for fiscal year 2017. Of this amount, $12,644 is reported as an intergovernmental payable.

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 website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 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 increased 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, July 1, 2015, and July 1, 2016 when it reached 14 percent. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $823,201 for fiscal year 2017. Of this amount $59,438 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, 2016, 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	$3,218,696	$18,442,232	$21,660,928
Proportion of the Net Pension Liability	0.04397680%	0.05509580%	
Pension Expense	$538,042	$1,613,377	$2,151,419

At June 30, 2017, 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	$43,411	$745,154	$788,565
Changes of assumptions	214,865	0	214,865
Net difference between projected and actual earnings on pension plan investments	265,495	1,531,201	1,796,696
Changes in proportion and differences	335,089	663,019	998,108
Center contributions subsequent to the measurement date	164,664	823,201	987,865
Total Deferred Outflows of Resources	$1,023,524	$3,762,575	$4,786,099
Deferred Inflows of Resources			
Changes in proportion and differences	$7,048	$129,220	$136,268
Total Deferred Inflows of Resources	$7,048	$129,220	$136,268

$987,865 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$274,412	$478,146	$752,558
2019	274,281	478,147	752,428
2020	226,763	1,085,839	1,312,602
2021	76,356	768,022	844,378
Total	$851,812	$2,810,154	$3,661,966

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational project and a five year set-back for both males and females. Special mortality tables are used for the period after disability retirement.

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

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

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

Discount Rate The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.5 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 7.5 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 (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Center's proportionate share of the net pension liability	$4,261,353	$3,218,696	$2,345,949

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

Sensitivity of the 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	$24,508,227	$18,442,232	$13,325,207

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

Note 13 - Postemployment Benefits

School Employees Retirement System

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers a post-employment benefit plan.

Health Care Plan

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

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2017, the health care allocation was 0 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at $23,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contributions assigned to health care for the years ending June 30, 2017, 2016, and 2015 were $11,084, $13,921, and $9,776.

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

The financial report of SERS' Health Care plan is included in its comprehensive annual financial report. The report can be obtained on SERS' website at www.ohsers.org under employers/audit resources.

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and Defined Contribution Plan.

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

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent comprehensive annual financial report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 0 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2017 and 2016. For the year ended June 30, 2015, 1 percent of covered payroll was allocated to post-employment health care. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the Center, these amounts equaled $0 for fiscal years 2017, 2016 and 2015.

Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/16	Additions	Reductions	Principal Outstanding 6/30/17	Amount Due Within One Year
Governmental Activities					
GO School Improvement Bonds					
2016-2.25%	$569,653	$466,080	($96,608)	$939,125	$98,782
OSCB COPs 2010 Series B-7.02%	4,965,000	0	(465,000)	4,500,000	470,000
Total	5,534,653	466,080	(561,608)	5,439,125	568,782
Sick Leave Benefits	268,745	427,597	(228,413)	467,929	21,935
Net Pension Liability	16,788,648	4,872,280	0	21,660,928	0
Total Long-Term Liabilities	$22,592,046	$5,765,957	($790,021)	$27,567,982	$590,717

Sick leave benefits will be paid from the retirement benefits fund, which is reported as a part of the general fund for financial reporting purposes in accordance with generally accepted accounting principles. Obligations related to employee compensation will be paid from the fund benefitting from their service.

2016 General Obligation School Improvement Bonds On June 2, 2016, the Center issued $1,070,000 in school improvement bonds for the purpose of paying the costs of constructing and equipping a new adult education facility. As of June 30, 2017, only $1,035,733 of these proceeds have been drawn from the lending institution and the remaining amount has been foregone. The bond holds of 2.25 percent interest rate with a five-year term amortized over a ten-year period, resulting in a substantial balloon payment due in the fifth year. Interest payments are due June 1 and December 1 of each year beginning December 1, 2016. Principal payments are due annually on June 1. The bond matures on June 1, 2021.

2010 Certificates of Participation On May 27, 2010, the Center issued $7,312,770 in Qualified School Construction Bonds Certificates of Participation (QSCB COPs) for use in upgrading existing facilities. The issuance included the local share of the Ohio School Facilities Vocational Facilities Assistance Program, as well as locally funded initiatives associated with this program. A summary of the COPs is as follows:

Series B – $5,747,770 COPs issued for use in upgrading existing facilities, as the local portion of the Ohio School Facilities Vocational Facilities Assistance Program. This portion of the debt included issuance costs of $106,553, which was expensed upon issuance. The Series B COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to PS&W Holding Company, Inc., and then subleased back to the Center. The COPs were issued through a series of annual leases with an initial lease term of one month which includes the right to renew for sixteen successive one-year terms through June 30, 2026, subject to annual appropriations. To satisfy the trustee requirements, the Center is required to make annual base rent payments for a period of sixteen years, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 7.02 percent. As part of the ARRA Act of 2009, issuers of QSCBs are eligible to receive direct payments from the federal government which offset interest payments on the bonds. As an alternate, QSCBs may be issued as tax credit bonds under which bond holders receive federal tax credits in lieu of interest as a means to significantly reduce the issuer's interest cost. The Center, under agreement with the federal government, has chosen to receive a thirty-five percent semi-annual direct payment from the federal government to help offset interest expense on the Series B QSCB COPs.

The Center has the option to purchase the project facilities on any lease payment date by paying the amount necessary to defease the indenture.

Annual base rent requirements to retire certificates of participation outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	Series B Principal	Series B Interest	Series B ARRA Subsidy	Total
2018	$470,000	$299,403	($235,428)	$533,975
2019	480,000	266,058	(209,208)	536,850
2020	485,000	232,187	(182,574)	534,613
2021	490,000	197,964	(155,664)	532,300
2022	500,000	163,215	(128,340)	534,875
2023-2026	2,075,000	294,313	(231,426)	2,137,887
Total	$4,500,000	$1,453,140	($1,142,640)	$4,810,500

Annual base rent requirements to retire the school improvement bond outstanding at June 30, 2017 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	$98,782	$21,130	$119,912
2019	101,004	18,908	119,912
2020	103,277	16,636	119,913
2021	636,062	14,312	650,374
Total	$939,125	$70,986	$1,010,111

The overall debt margin of the Center as of June 30, 2017 was $105,281,666, with an unvoted debt margin of $1,230,231.

Note 15 - Interfund Balances and Transfers

During fiscal year 2017, the following operating transfers were made to subsidize the various programs of the Center:

	Transfers In	Transfers Out
Major Funds:		
General	$0	$438,230
Permanent Improvement	77,753	0
Nonmajor Funds:		
Food Service	39,919	0
Classroom Facilities Maintenance	286,602	0
Post-Secondary Education	6,315	0
Ohio K-12 Network	5,400	0
Career Development	1,624	0
Adult Basic Literacy Education	17,402	0
Pell	3,215	0
Total Nonmajor Funds	360,477	0
Total	$438,230	$438,230

Interfund receivables and payables at June 30, 2017 consist of the following individual balances, representing monies advanced to funds to be repaid when grant funds or other program revenues are received, and for services rendered by one fund for another:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	$217,989	$0
Nonmajor Funds:		
Bond Retirement	0	83,102
Adult Basic Literacy Education	0	37,591
Vocational Education	0	97,296
Total Nonmajor Funds	0	217,989
Total	$217,989	$217,989

Note 16 - Jointly Governed Organizations

South Central Ohio Computer Association Regional Council of Governments – The Center is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board.

During fiscal year 2016, SCOCARCoG entered into a merger agreement with Metropolitan Educational Technology Association (META). Pursuant to an addendum to the agreement, certain liabilities will remain the sole responsibility of SCOCARCoG, and once these remaining liabilities are satisfied, SCOCARCoG will be dissolved and the member districts will become members of META. SCOCARCoG entered into a subcontract agreement with META to provide services to SCOCARCoG, and on behalf of SCOCARCoG, to the member districts. Consistent with the merger agreement and updated bylaws, SCOCARCoG is currently governed by a four person executive governing board. The Center paid SCOCARCoG $22,127 for services provided during the fiscal year. The Center did not pay META for any services during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments through META Solutions, David Varda, CFO, 100 Executive Drive, Marion Ohio 43302.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the Center and the Center does not maintain an equity interest in or a financial responsibility for the Coalition. The Center's membership fee was $325 for fiscal year 2017.

Note 17 - Insurance Purchasing Pools

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

Lawrence County Schools Council of Governments Health Benefits Program - The Center participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a shared risk pool created pursuant to state statute for the purpose of administering health care benefits. The Council is governed by a Board of Directors, which consists of the superintendent from each participating school district. The Council elects officers for one-year terms to serve on the Board. The Board of Directors exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the Council. Each school district reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district will be distributed its net pooled share and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

Note 18 - Set Asides

The Center is required by state statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

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

	Capital Improvements
Set-Aside Balance as of June 30, 2016	$0
Current Year Set-Aside Requirement	110,816
Qualifying Disbursements	(201,360)
Total	($90,544)
Set-Aside Balance Carried Forward to Future Fiscal Years	$0
Set-Aside Balance as of June 30, 2017	$0

Note 19 - Contingencies

Grants

The Center receives financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2017, if applicable, cannot be determined at this time.

Litigation

The Center is currently party to legal proceedings. However, it is the opinion of management that such proceedings will not have a material adverse effect, if any, on the Center's overall financial position.

State Foundation Funding

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

Note 20 – New Accounting Pronouncements

For the fiscal year ended June 30, 2017, the Center was required to implement Governmental Accounting Standards Board Statements No. 74, “Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans,” No. 77, “Tax Abatement Disclosures,” No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,” No. 80, “Blending Requirements for Certain Component Units,” and No. 82, “Pension Issues.”

GASB Statement No. 74 replaces GASB Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

GASB Statement No. 77 requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues.

GASB Statement No. 78 amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 80 clarifies the display requirements in GASB Statement No. 14, “The Financial Reporting Entity,” by requiring these component units to be blended into the primary state or local government’s financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements.

GASB Statement No. 82 addresses, among other things, presentation of payroll-related measures in required supplementary information, selection of assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes, and classification of payments made by employers to satisfy plan member contribution requirements. GASB 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73.

None of these Statements had an impact on the Center's financial statements or note disclosures. The Center does not have any abatement agreements in place, but the City of Ironton does have abatement agreements in place that affect the Center; however, these agreements are not significant to the Center as a whole.

Collins Career Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years (1)

	2014	2015	2016	2017
State Teachers Retirement System				
Center's proportion of the net pension liability	0.05235301%	0.05235301%	0.05217398%	0.05509580%
Center's proportionate share of the net pension liability	$15,168,734	$12,734,064	$14,419,362	$18,442,232
Center's covered-employee payroll	$5,364,969	$5,300,577	$5,501,050	$5,892,207
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	282.7%	240.2%	262.1%	313.0%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%
School Employees Retirement System				
Center's proportion of the net pension liability	0.03385401%	0.03385401%	0.04152200%	0.04397680%
Center's proportionate share of the net pension liability	$2,013,189	$1,713,332	$2,369,286	$3,218,696
Center's covered-employee payroll	$863,475	$938,355	$1,192,185	$1,365,757
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	233.1%	182.6%	198.7%	235.7%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%

The amounts presented are as of the Center's measurement date which is the prior fiscal year end.
(1) Information not available prior to 2014.

Collins Career Center
Required Supplementary Information
Schedule of Center Contributions
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
State Teachers Retirement System										
Contractually required contribution	$594,237	$681,203	$715,719	$740,541	$734,490	$697,446	$689,075	$770,147	$824,909	$823,201
Contributions in relation to the contractually required contribution	594,237	681,203	715,719	740,541	734,490	697,446	689,075	770,147	824,909	823,201
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Center's covered-employee payroll	$4,571,054	$5,240,023	$5,505,531	$5,696,469	$5,649,923	$5,364,969	$5,300,577	$5,501,050	$5,892,207	$5,880,007
Contributions as a percentage of covered-employee payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%
School Employees Retirement System										
Contractually required contribution	$91,076	$105,062	$128,947	$117,289	$112,826	$119,505	$130,056	$157,130	$191,206	$164,664
Contributions in relation to the contractually required contribution	91,076	105,062	128,947	117,289	112,826	119,505	130,056	157,130	191,206	164,664
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Center's covered-employee payroll	$927,454	$1,067,703	$952,341	$933,087	$838,855	$863,475	$938,355	$1,192,185	$1,365,757	$1,176,171
Contributions as a percentage of covered-employee payroll	9.82%	9.84%	13.54%	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%

Notes to the Required Supplementary Information

State Teachers Retirement System

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

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

School Employees Retirement System

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

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

Collins Career Center
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2017

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Awards Expenditures
United States Department of Agriculture			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	3L70	10.553	$54,757
National School Lunch Program	3L60	10.555	116,138
National School Lunch Program - Non-Cash Assistance	3L60	10.555	16,364
Total Child Nutrition Cluster			187,259
Total United States Department of Agriculture			**187,259**
United States Department of Education			
Direct from the Federal Agency			
Student Financial Aid Cluster:			
Federal Direct Student Loans	N	84.268	2,558,187
Federal Pell Grant Program	N	84.063	1,480,342
Total Student Financial Aid Cluster			4,038,529
Rural Education	N	84.358	47,237
Passed through the Ohio Department of Education			
Career and Technical Education-Basic Grants to States	3L90	84.048	354,460
Adult Education-Basic Grants to States	3120	84.002	206,433
Total United States Department of Education			**4,646,659**
Total Federal Financial Assistance			**$4,833,918**

N - direct award.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the Center's federal award programs. The information in this schedule is presented 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 or changes in net position of the Center.

Note 2 – 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 3 – Guaranteed Student Loans

Non-monetary assistance is reported in the schedule at the dollar amount of guaranteed student loans disbursed.

Note 3 – Food Donation Program

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

Note 4 – 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.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Collins Career Center, Lawrence County, Ohio (the Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated February 23, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

February 23, 2018

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Board of Education
Collins Career Center
11627 State Route 243
Chesapeake, Ohio 45619

Report on Compliance for Each Major Federal Program

We have audited the Collins Career Center's, (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2017. The Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on Each Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Natalie Millhuff-Stang

Natalie Millhuff-Stang, CPA, CITP
President/Owner
Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

February 23, 2018

Section I – Summary of Auditor's Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies)?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	Student Financial Aid Cluster: Federal Direct Student Loans (CFDA #84.268) and Federal Pell Grant Program (CFDA #84.063)
Dollar threshold used to distinguish between type A and type B programs:	Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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Dave Yost • Auditor of State

COLLINS CAREER CENTER

LAWRENCE 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
MAY 10, 2018

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