CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2017

RICK BERDINE, TREASURER

Dave Yost • Auditor of State

Board of Education
Cuyahoga Valley Career Center
8001 Brecksville Road
Brecksville, Ohio 44141

We have reviewed the *Independent Auditor's Report* of the Cuyahoga Valley Career Center, Cuyahoga County, prepared by Julian & Grube, 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 Cuyahoga Valley Career Center is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

December 22, 2017

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

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CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

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Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Cuyahoga Valley Career Center
Cuyahoga County
8001 Brecksville Road
Brecksville, Ohio 44141

To the Board of Education:

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 the Cuyahoga Valley Career Center, Cuyahoga County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Cuyahoga Valley Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga Valley Career Center, Cuyahoga County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education funds thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2017, on our consideration of the Cuyahoga Valley Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Cuyahoga Valley Career Center's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
November 22, 2017

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Financial Highlights

Key financial highlights for 2017 are as follows:

- In total, net position of governmental activities decreased $1,948,750, which represents a 14.03% decrease from 2016.

- General revenues accounted for $11,978,551 in revenue or 84.77% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for $2,152,354 or 15.23% of total revenues of $14,130,905.

- The District had $16,079,655 in expenses related to governmental activities; $2,152,354 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $11,978,551 were not adequate to provide for these programs.

- The District's largest major governmental fund is the general fund. The general fund had $12,602,733 in revenues and $13,673,341 in expenditures and other financing uses. During fiscal 2017, the general fund's fund balance decreased from a balance of $17,269,912 to $16,196,990.

- The fund balance of the District's other major fund the adult education fund decreased $94,919 from a deficit of $107,016 to a deficit of $203,809.

Using this Annual Financial Report

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, adult education programs and food service operations.

The District's statement of net position and statement of activities can be found on pages 16-17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and adult education fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 18-23 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26-65 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the net pension liability in this report on pages 66-72.

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The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2017 and June 30, 2016.

Net Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current and other assets	$ 28,072,331	$ 27,605,250
Capital assets	16,000,238	16,603,941
Total assets	44,072,569	44,209,191
Deferred outflows of resources	4,355,105	1,914,206
Liabilities		
Current liabilities	1,571,277	1,375,534
Long-term liabilities:		
Due within one year	188,901	236,694
Due in more than one year:		
Net pension liability	23,992,077	19,691,421
Other amounts	999,255	1,043,082
Total liabilities	26,751,510	22,346,731
Deferred inflows of resources	9,739,920	9,891,672
Net Position		
Investment in capital assets	16,000,238	16,603,941
Restricted	27,163	8,068
Unrestricted (deficit)	(4,091,157)	(2,727,015)
Total net position	$ 11,936,244	$ 13,884,994

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

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

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

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

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

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

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

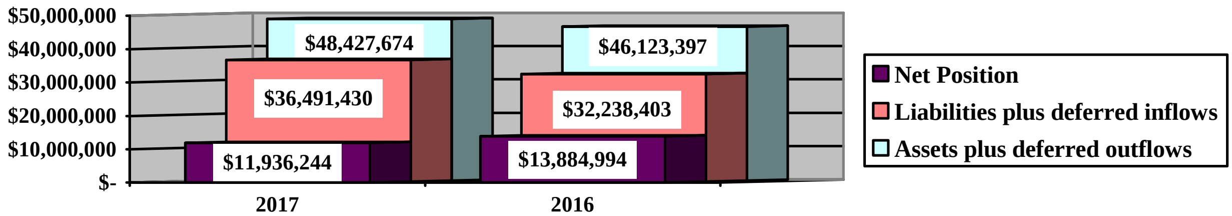
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's assets exceeded liabilities plus deferred inflows of resources by $11,936,244.

At year-end, capital assets represented 36.30% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. The investment in capital assets at June 30, 2017, was $16,000,238. These capital assets are used to provide services to the students and are not available for future spending. The District's total assets at June 30, 2017, decreased from June 30, 2016, primarily as a result of depreciation to capital assets.

Total liabilities outstanding at June 30, 2017 increased $4.404,779 from June 30, 2016, primarily as a result of an increase in the net pension liability.

A portion of the District's net position at June 30, 2017, $27,163, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted deficit net position of $4,091,157 primarily is the result of reporting the net pension liability in accordance with GASB Statement No. 68 (see Note 13 to the notes to the basic financial statements for detail).

Governmental Activities



The table below shows the changes in net position for governmental activities between 2017 and 2016.

Change in Net Position

	Governmental Activities 2017	Governmental Activities 2016
Revenues		
Program revenues:		
Charges for services and sales	$ 1,414,451	$ 1,447,026
Operating grants and contributions	737,903	762,799
General revenues:		
Property taxes	8,703,158	10,511,935
Payment in lieu of taxes	55,822	101,094
Grants and entitlements	2,983,410	3,210,406
Investment earnings	177,265	134,788
Increase (decrease) in fair value of investments	(114,370)	80,593
Miscellaneous	173,266	134,153
Total revenues	$ 14,130,905	$ 16,382,794

(Continued)

Change in Net Position - (Continued)

	Governmental Activities 2017	Governmental Activities 2016
Expenses		
Program expenses:		
Instruction:		
Regular	$ 899,972	$ 743,414
Vocational	6,800,016	5,184,683
Adult education	1,341,573	1,148,105
Support services:		
Pupil	1,001,201	923,814
Instructional staff	1,211,579	1,157,891
Board of education	47,007	29,404
Administration	1,488,797	1,458,230
Fiscal	649,316	605,151
Business	582,662	558,528
Operations and maintenance	1,640,864	1,242,925
Pupil transportation	25,592	24,735
Central	92,591	151,851
Operation of non-instructional services:		
Other non-instructional services	3,243	1,515
Food service operations	132,591	129,656
Extracurricular activities	70,943	60,586
On behalf payments for other entities	91,708	1,084,210
Interest and fiscal charges	-	478
Total expenses	16,079,655	14,505,176
Change in net position	(1,948,750)	1,877,618
Net position at beginning of year	13,884,994	12,007,376
Net position at end of year	$ 11,936,244	$ 13,884,994

Governmental Activities

Net position of the District's governmental activities decreased $1,948,750 as a result of a decrease of 13.75% in overall revenues coupled with a 10.85% increase in expenses during fiscal year 2017 as a result of adding certified and classified staff positions during the year. Total governmental expenses of $16,079,655 were offset by program revenues of $2,152,354 and general revenues of $11,978,551. Program revenues supported 13.39% of the total governmental expenses.

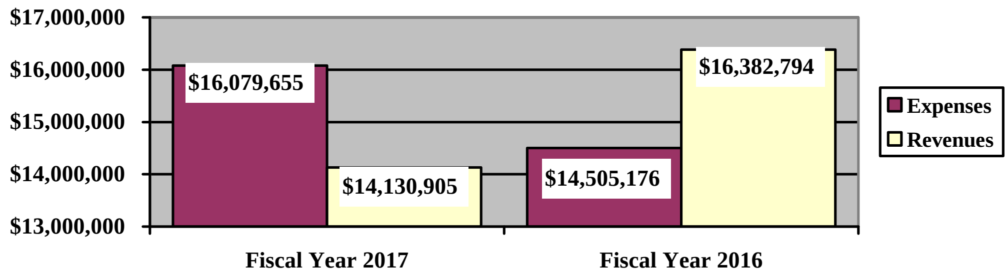
The primary sources of revenue for governmental activities are derived from levied taxes and unrestricted grants and entitlements. These revenue sources represent 82.70% and 83.76% of total governmental revenue for fiscal years 2017 and 2016, respectively. The District operates at the 2-mill floor. Due to this, the District is able to receive the full advantage of property tax valuation increases.

One mill of levied tax is a permanent tax. One mill is a 5-year tax that began in 1982 and has been renewed for another 5 years. Both levies are for current expenses. If the tax is renewed every 5 years, and the current tax structure remains in place, the District should have adequate funds for its operations at least through the foreseeable future. Property tax revenue decreased by $1,808,777, or 17.21%, compared to fiscal year 2016, due to a fluctuation in property tax advances available from Cuyahoga and Summit counties at fiscal year-end.

The District's financial condition has been very positive in recent years, primarily due to the increasing valuations of the property in our District. Unfortunately, state legislation was passed to decrease tax collections on certain groups of assets. During fiscal year 2017, the District did not receive a reimbursement for the loss of revenue from the State for the phase-out of the tangible personal property tax. If the state foundation formula remains unchanged, the District's foundation revenue will remain the same due to our guarantee status. During fiscal year 2017, unrestricted grants and entitlement revenue decreased slightly by $226,996.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2017 and 2016.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2017 and 2016. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

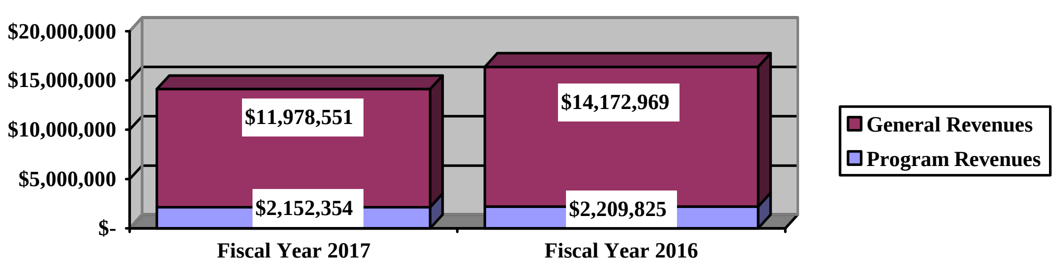
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses				
Instruction:				
Regular	$ 899,972	$ 899,972	$ 743,414	$ 743,414
Vocational	6,800,016	6,407,807	5,184,683	4,833,079
Adult Education	1,341,573	91,830	1,148,105	(20,022)
Support services:				
Pupil	1,001,201	1,000,505	923,814	922,879
Instructional staff	1,211,579	1,158,129	1,157,891	1,089,637
Board of education	47,007	(164,521)	29,404	29,404
Administration	1,488,797	1,488,797	1,458,230	1,131,494
Fiscal	649,316	649,316	605,151	605,151
Business	582,662	582,662	558,528	558,528
Operations and maintenance	1,640,864	1,623,043	1,242,925	1,224,344
Pupil transportation	25,592	25,592	24,735	24,735
Central	92,591	(1,202)	151,851	3,019
Operation of non-instructional services:				
Other non-instructional services	3,243	3,243	1,515	1,515
Food service operations	132,591	11,922	129,656	20,678
Extracurricular activities	70,943	58,498	60,586	42,808
On behalf payments for other entities	91,708	91,708	1,084,210	1,084,210
Interest and fiscal charges	-	-	478	478
Total expenses	$ 16,079,655	$ 13,927,301	$ 14,505,176	$ 12,295,351

The dependence upon taxes and other general revenues for governmental activities is apparent; 81.84% and 78.52% of instruction activities are supported through taxes and other general revenues for fiscal years 2017 and 2016, respectively. For all governmental activities, general revenue support is 86.61% for fiscal year 2017. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2017 and 2016.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of $16,945,274, which is lower than last year's total of $17,684,257. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	Fund Balance (deficit) June 30, 2017	Fund Balance (deficit) June 30, 2016	Increase (Decrease)
General	$ 16,196,990	$ 17,269,912	$ (1,072,922)
Adult Education	(203,809)	(107,016)	(96,793)
Other Governmental	952,093	521,361	430,732
Total	$ 16,945,274	$ 17,684,257	$ (738,983)

General Fund

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

	2017 Amount	2016 Amount	Percentage Change
Revenues			
Taxes	$ 9,091,355	$ 10,539,286	(13.74) %
Earnings on investments	168,311	128,911	30.56 %
Increase (decrease) in fair value of investments	(114,370)	80,593	(241.91) %
Intergovernmental	2,983,410	3,210,406	(7.07) %
Other revenues	474,027	469,995	0.86 %
Total	$ 12,602,733	$ 14,429,191	(12.66) %
Expenditures			
Instruction	$ 6,374,859	$ 5,042,330	26.43 %
Support services	5,934,796	5,819,100	1.99 %
Other non-instructional services	3,243	3,527	(8.05) %
Extracurricular activities	70,943	60,586	17.09 %
On behalf payments for other entities	214,378	1,151,761	(81.39) %
Facilities acquisition and construction	475,122	83,358	469.98 %
Debt service	-	37,159	(100.00) %
Total	$ 13,073,341	$ 12,197,821	7.18 %

The general fund balance decreased by $1,072,922 during fiscal year 2017. Tax revenue decreased 13.74%, when compared to the prior fiscal year. This is primarily due to a fluctuation in the amount of tax advance available at June 30, 2017 and June 30, 2016. The increase in earnings on investments is due to higher interest rates and better return on investments compared to the prior fiscal year. The District realized a decrease in the fair value of investments at fiscal year-end as compared to an increase in the prior year. Other revenues increased 0.86%, which is primarily due to reimbursements received in fiscal year 2017.

Overall, expenditures increased slightly by 7.18% during fiscal year 2017. Instruction expenditures primarily as a result of adding staffing in certified and classified positions during fiscal year 2017. Facilities acquisition and construction expenditures increased as the District had more repair and maintenance expenditures paid from the general fund during fiscal year 2017. On behalf payments for other entities decreased from costs related to career development and partnership services with local districts. Debt service expenditures decreased as fiscal year 2016 was the last year of the principal and interest payments due on the capital lease obligation. Although the variance in the area of extracurricular and other non-instructional services was significant, the dollar amount was not.

The general fund also transferred out $600,000 to the permanent improvement nonmajor capital projects fund during fiscal year 2017. The transfers to the permanent improvement fund were for a new building addition that was completed and opened in January 2017.

Adult Education

The District's adult education fund balance decreased $96,793 during fiscal year 2017. Overall revenues and expenditures in the adult education fund were comparable to the prior year.

General Fund Budgeting Highlights

The District'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 District amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were $13,631,602 and $13,720,473, respectively. Actual revenues and other financing sources for fiscal 2017 was $13,991,492. This represents a $359,890 increase from original budgeted revenues. This is an increase of 2.64%, which is primarily due to the repayment of prior year advances to other funds.

General fund original appropriations (appropriated expenditures plus other financing uses) of $15,290,688 were decreased to $14,840,686 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled $14,191,934, which was $648,752 less than the final budget appropriations. The decreases in appropriations were caused by the District's conservative spending.

Capital Assets

At the end of fiscal 2017, the District had $16,000,238 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2017 balances compared to 2016:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2017	2016
Land	$ 563,010	$ 563,010
Land improvements	32,683	-
Building and improvements	12,854,713	13,384,328
Furniture and equipment	2,432,725	2,626,199
Vehicles	117,107	30,404
Total	$ 16,000,238	$ 16,603,941

Total additions to capital assets for 2017 were $460,326, total disposals were $163,467 (net of accumulated depreciation) and depreciation expense was $900,562.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

During 2017 the District had no debt. See Note 10 to the basic financial statements for additional information on the District's other long-term obligations.

Current Related Financial Activities

The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students and community it serves, and to minimize the cost from the citizens while maximizing the opportunities available. The District is always presented with challenges and opportunities. National events economically affect the School District and the surrounding area. Yet, the District has a strong financial outlook.

The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed additional revenue growth toward the support of School Districts with little property tax wealth. Cuyahoga Valley Career Center is a high wealth tax district. The reliance of the District on property tax will increase while the contribution from the state remains stagnant.

The District has committed itself to educational and financial excellence for many years. The District, with Board guidance, is committed to providing the necessary preparation for youth and adults to enter, compete, and advance in an ever-changing work world by being a responsive leader to technical and career needs of our community.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Richard Berdine, Treasurer/CFO, Cuyahoga Valley Career Center, 8001 Brecksville Road, Brecksville, Ohio 44141.

BASIC
FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	$ 4,362,892
Investments.	12,677,999
Receivables:	
Taxes	10,777,350
Payment in lieu of taxes	55,928
Accounts.	5,384
Intergovernmental	30,006
Accrued interest	35,037
Loans.	97,000
Prepayments	15,868
Materials and supplies inventory.	14,867
Capital assets:	
Nondepreciable capital assets	563,010
Depreciable capital assets, net.	15,437,228
Capital assets, net	16,000,238
Total assets.	44,072,569
Deferred outflows of resources:	
Pension - STRS	3,135,256
Pension - SERS	1,219,849
Total deferred outflows of resources	4,355,105
Liabilities:	
Accounts payable.	23,175
Accrued wages and benefits payable	1,316,733
Pension and postemployment benefits payable .	206,603
Intergovernmental payable	22,014
Unearned revenue	2,752
Long-term liabilities:	
Due within one year.	188,901
Due in more than one year:	
Net pension liability (See Note 13)	23,992,077
Other amounts due in more than one year. .	999,255
Total liabilities	26,751,510
Deferred inflows of resources:	
Property taxes levied for the next fiscal year. . .	8,836,773
Payment in lieu of taxes levied for the next fiscal year.	55,852
Pension - STRS.	439,463
Pension - SERS.	407,832
Total deferred inflows of resources	9,739,920
Net position:	
Investment in capital assets	16,000,238
Restricted for:	
State funded programs.	68
Federally funded programs	15,836
Food service operations	7,304
Unclaimed monies.	3,955
Unrestricted (deficit)	(4,091,157)
Total net position.	$ 11,936,244

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 899,972	$ -	$ -	$ (899,972)
Vocational	6,800,016	191,612	200,597	(6,407,807)
Adult education	1,341,573	950,034	299,709	(91,830)
Support services:				
Pupil	1,001,201	696	-	(1,000,505)
Instructional staff	1,211,579	21,975	31,475	(1,158,129)
Board of education	47,007	163,320	48,208	164,521
Administration	1,488,797	-	-	(1,488,797)
Fiscal	649,316	-	-	(649,316)
Business	582,662	-	-	(582,662)
Operations and maintenance	1,640,864	17,821	-	(1,623,043)
Pupil transportation	25,592	-	-	(25,592)
Central	92,591	-	93,793	1,202
Operation of non-instructional services:				
Other non-instructional services	3,243	-	-	(3,243)
Food service operations	132,591	56,548	64,121	(11,922)
Extracurricular activities	70,943	12,445	-	(58,498)
On behalf payments for other entities	91,708	-	-	(91,708)
Total governmental activities	$ 16,079,655	$ 1,414,451	$ 737,903	(13,927,301)
	General revenues:			
	Property taxes levied for:			
	General purposes			8,703,158
	Payments in lieu of taxes			55,822
	Grants and entitlements not restricted to specific programs			2,983,410
	Investment earnings			177,265
	Decrease in fair value of investments			(114,370)
	Miscellaneous			173,266
	Total general revenues			11,978,551
	Change in net position			(1,948,750)
	Net position at beginning of year			13,884,994
	Net position at end of year			$ 11,936,244

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Adult Education	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	$ 3,209,324	$ 163,656	$ 989,912	$ 4,362,892
Investments	12,677,999	-	-	12,677,999
Receivables:				
Taxes	10,777,350	-	-	10,777,350
Payment in lieu of taxes	55,928	-	-	55,928
Accounts	4,934	-	450	5,384
Intergovernmental	30,006	-	-	30,006
Accrued interest	35,037	-	-	35,037
Interfund loans	230,000	-	-	230,000
Loans	97,000	-	-	97,000
Prepayments	13,827	1,963	78	15,868
Materials and supplies inventory	6,359	5,455	3,053	14,867
Total assets	$ 27,137,764	$ 171,074	$ 993,493	$ 28,302,331
Liabilities:				
Accounts payable	$ 22,032	$ 340	$ 803	$ 23,175
Accrued wages and benefits payable	1,188,258	120,829	7,646	1,316,733
Compensated absences payable	130,299	31,118	-	161,417
Pension and postemployment benefits payable	183,030	20,723	2,850	206,603
Intergovernmental payable	20,040	1,873	101	22,014
Interfund loans payable	-	200,000	30,000	230,000
Unearned revenue	2,752	-	-	2,752
Total liabilities	1,546,411	374,883	41,400	1,962,694
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	8,836,773	-	-	8,836,773
Payment in lieu of taxes levied for the next fiscal year	55,852	-	-	55,852
Delinquent property tax revenue not available	479,486	-	-	479,486
Accrued interest not available	22,252	-	-	22,252
Total deferred inflows of resources	9,394,363	-	-	9,394,363
Fund balances:				
Nonspendable:				
Materials and supplies inventory	6,359	5,455	3,053	14,867
Prepaids	13,827	1,963	78	15,868
Restricted:				
Food service operations	-	-	4,173	4,173
Vocational education	-	-	15,836	15,836
Data communications	-	-	68	68
Unclaimed monies	3,955	-	-	3,955
Committed:				
Capital improvements	-	-	933,885	933,885
Assigned:				
Student instruction	45,437	-	-	45,437
Student and staff support	449,866	-	-	449,866
Facilities acquisition and construction	97,701	-	-	97,701
Other purposes	219,408	-	-	219,408
Unassigned (deficit)	15,360,437	(211,227)	(5,000)	15,144,210
Total fund balances	16,196,990	(203,809)	952,093	16,945,274
Total liabilities, deferred inflows and fund balances	$ 27,137,764	$ 171,074	$ 993,493	$ 28,302,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total governmental fund balances		$ 16,945,274
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,000,238
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 479,486	
Accrued interest receivable	22,252	
Total		501,738
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows of resources are not reported in governmental funds:		
Deferred outflows of resources - pension	4,355,105	
Deferred inflows of resources - pension	(847,295)	
Net pension liability	(23,992,077)	
Total		(20,484,267)
Long-term liabilities (compensated absences) are not due and payable in the current period and therefore are not reported in the funds.		(1,026,739)
Net position of governmental activities		$ 11,936,244

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	General	Adult Education	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	$ 9,091,355	$ -	$ -	$ 9,091,355
Payment in lieu of taxes	55,822	-	-	55,822
Tuition	58,984	1,026,959	-	1,085,943
Charges for services	11,607	-	56,548	68,155
Earnings on investments	168,311	-	-	168,311
Decrease in fair value of investments	(114,370)	-	-	(114,370)
Classroom materials and fees	99,881	84,648	-	184,529
Rental income	53,327	-	-	53,327
Contributions and donations	9,025	-	-	9,025
Customer services	21,140	1,357	-	22,497
Other local revenues	164,241	5,411	387	170,039
Intergovernmental - State	2,983,410	298,356	9,070	3,290,836
Intergovernmental - Federal	-	-	424,679	424,679
Total revenues	12,602,733	1,416,731	490,684	14,510,148
Expenditures:				
Current:				
Instruction:				
Regular	869,286	-	-	869,286
Vocational	5,505,573	-	207,445	5,713,018
Adult education	-	1,290,355	38,637	1,328,992
Support services:				
Pupil	959,815	-	-	959,815
Instructional staff	1,321,087	-	32,871	1,353,958
Board of education	46,561	-	-	46,561
Administration	1,268,355	221,295	3,575	1,493,225
Fiscal	630,836	-	-	630,836
Business	564,299	-	-	564,299
Operations and maintenance	1,118,475	-	-	1,118,475
Pupil transportation	25,368	-	-	25,368
Central	-	-	89,675	89,675
Operation of non-instructional services:				
Other non-instructional services	3,243	-	-	3,243
Food service operations	-	-	135,740	135,740
Extracurricular activities	70,943	-	-	70,943
On behalf payments for other entities	214,378	-	-	214,378
Facilities acquisition and construction	475,122	-	151,493	626,615
Total expenditures	13,073,341	1,511,650	659,436	15,244,427
Excess (deficiency) of revenues over (under) expenditures	(470,608)	(94,919)	(168,752)	(734,279)
Other financing sources (uses):				
Transfers in	-	-	600,000	600,000
Transfers (out)	(600,000)	-	-	(600,000)
Total other financing sources (uses)	(600,000)	-	600,000	-
Net change in fund balances	(1,070,608)	(94,919)	431,248	(734,279)
Fund balances (deficit) at beginning of year	17,269,912	(107,016)	521,361	17,684,257
(Decrease) in reserve for inventory	(2,314)	(1,874)	(516)	(4,704)
Fund balances (deficit) at end of year	$ 16,196,990	$ (203,809)	$ 952,093	$ 16,945,274

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds		$ (734,279)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 460,326	
Current year depreciation	(900,562)	
Total		(440,236)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(163,467)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(4,704)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(388,197)	
Earnings on investments	8,954	
Total		(379,243)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,176,245
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,445,515)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		42,449
Change in net position of governmental activities		$ (1,948,750)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Revenues:				
From local sources:				
Property taxes	$ 10,058,015	$ 10,123,587	$ 10,352,089	$ 228,502
Payment in lieu of taxes	100,129	100,782	56,058	(44,724)
Tuition	45,192	45,487	58,984	13,497
Earnings on investments	111,314	112,040	170,757	58,717
Classroom materials and fees	54,265	54,619	63,909	9,290
Rental income	16,977	17,088	17,742	654
Contributions and donations	149	150	-	(150)
Other local revenues	77,956	78,464	8,061	(70,403)
Intergovernmental - State	3,164,492	3,185,123	2,982,814	(202,309)
Total revenues	13,628,489	13,717,340	13,710,414	(6,926)
Expenditures:				
Current:				
Instruction:				
Regular	913,357	886,477	868,622	17,855
Vocational	5,578,473	5,414,301	5,284,607	129,694
Support services:				
Pupil	1,067,396	1,035,983	968,578	67,405
Instructional staff	1,503,075	1,458,840	1,338,121	120,719
Board of education	58,909	57,175	42,411	14,764
Administration	1,341,899	1,302,407	1,210,373	92,034
Fiscal	665,645	646,055	622,011	24,044
Business	721,454	700,222	618,927	81,295
Operations and maintenance	1,486,303	1,442,561	1,329,905	112,656
Pupil transportation	25,338	24,592	25,149	(557)
Operation of non-instructional services	8,399	8,152	2,680	5,472
Facilities acquisition and construction	642,470	623,562	609,678	13,884
On behalf payments for other entities	309,097	300,000	284,013	15,987
Total expenditures	14,321,815	13,900,327	13,205,075	695,252
Excess (deficiency) of revenues over (under) expenditures	(693,326)	(182,987)	505,339	688,326
Other financing sources (uses):				
Refund of prior year expenditures	3,113	3,133	1,078	(2,055)
Refund of prior year receipts	(515)	(500)	-	500
Transfers (out)	(648,958)	(629,859)	(629,859)	-
Advances in	-	-	280,000	280,000
Advances (out)	(319,400)	(310,000)	(357,000)	(47,000)
Total other financing sources (uses)	(965,760)	(937,226)	(705,781)	231,445
Net change in fund balance	(1,659,086)	(1,120,213)	(200,442)	919,771
Fund balance at beginning of year	14,620,500	14,620,500	14,620,500	-
Prior year encumbrances appropriated	638,989	638,989	638,989	-
Fund balance at end of year	$ 13,600,403	$ 14,139,276	$ 15,059,047	$ 919,771

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Tuition.	$ 1,226,809	$ 949,196	$ 1,028,590	$ 79,394
Classroom materials and fees	110,130	85,209	84,948	(261)
Customer services	3,540	2,739	1,357	(1,382)
Other local revenues	6,848	5,298	5,426	128
Intergovernmental - State	407,179	315,039	298,356	(16,683)
Total revenue	1,754,506	1,357,481	1,418,677	61,196
Expenditures:				
Current:				
Instruction:				
Adult education	1,590,794	1,278,574	1,240,367	38,207
Administration.	448,270	360,289	335,224	25,065
Total expenditures	2,039,064	1,638,863	1,575,591	63,272
Excess of expenditures over revenues	(284,558)	(281,382)	(156,914)	124,468
Other financing sources (uses):				
Refund of prior year expenditures.	-	-	22	22
Refund of prior year receipts.	(1,522)	(1,223)	(39)	1,184
Advances in.	258,494	200,000	200,000	-
Advances (out)	(248,839)	(200,000)	(200,000)	-
Total other financing sources (uses)	8,133	(1,223)	(17)	1,206
Net change in fund balance	(276,425)	(282,605)	(156,931)	125,674
Fund balance at beginning of year	275,013	275,013	275,013	-
Prior year encumbrances appropriated . .	7,666	7,666	7,666	-
Fund balance at end of year	$ 6,254	$ 74	$ 125,748	$ 125,674

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private Purpose Trust	
	Endowment	**Agency**
Assets:		
Current assets:		
Equity in pooled cash		
and cash equivalents.	$ 116,959	$ 86,794
Receivables:		
Accounts	-	15,570
Total assets.	116,959	$ 102,364
Liabilities:		
Accounts payable	-	$ 1,636
Due to students.	-	3,728
Loans payable	-	97,000
Total liabilities.	-	$ 102,364
Net position:		
Held in trust for scholarships.	116,959	
Total net position.	$ 116,959	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Private Purpose Trust
	Endowment
Additions:	
Interest	$ 725
Deductions:	
Scholarships awarded	10,000
Change in net position	(9,275)
Net position at beginning of year	126,234
Net position at end of year	$ 116,959

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Cuyahoga Valley Career Center (the "District") is a joint vocational school district organized under Section 3311.18 of the Ohio Revised Code. The District provides vocational education for eight school districts serving an eligible student population of approximately 7,883 throughout northeastern Ohio, including Cuyahoga and Summit counties. A 9 member Board of Education governs the District, which is supported by a 2.0 mil operating levy assessed over a 5.9 billion dollar tax duplicate and by funds from the State of Ohio Joint Vocational School Foundation Program. The Board controls the District's educational facilities, which are staffed by 58 certified employees, 8 administrative employees and 51 full-time support staff employees. The District fosters cooperative relationships with business and industry, professional organizations, participating school districts and other interested, concerned groups and organizations to consider, plan and implement educational programs designed to meet the common needs and interests of students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's significant accounting policies are described below.

A. Reporting Entity

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

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

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Schools' Council Association
The Ohio Schools' Council Association (Council) is a jointly governed organization among 198 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any district is limited to its representation on the Board. In fiscal year 2017, the District paid $19,077 to the Council. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio, 44131.

The District participates in the Council's prepaid natural gas purchase program. This program allows school districts to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager for the period program. There are currently 151 participants in the program including Cuyahoga Valley Career Center. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The Council has partnered with the Ohio Association of Business Officials, the Ohio School Boards Association and the Buckeye Association of School Administrators to form the Power4Schools program to bring savings on electric generation costs and budget certainty to Ohio public schools by pooling purchasing power statewide. Power4Schools has selected FirstEnergy Solutions as its exclusive provider for school districts in the Ohio Edison, The Illuminating Company, Toledo Edison, Duke Energy, and AEP Ohio Power service areas.

Connect
The District is a member of the Connect, formerly known as the North Coast Council, which was formed when the Lakeshore Northeast Ohio Computer Association and the Lake Erie Educational Computer Association merged during fiscal year 2012. Connect was organized for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among 34 member districts. Each of the governments of these schools supports the Connect based on a per pupil charge. The District contributed $77,418 to Connect during fiscal year 2017 for managed wireless hosting, phone VOIP services, data services, hardware maintenance and switch installation. Connect is governed by a nine member Board of Directors consisting of superintendents from member school districts. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

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

INSURANCE PURCHASING POOLS

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

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

Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets.

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

Financial information for the Consortium can be obtained from Todd Puster, Treasurer of Orange City School District (Fiscal Agent) at 32000 Chagrin Blvd., Pepper Pike, Ohio 44124-5974.

<u>Workers' Compensation Group Rating Program</u>
The District participates in a Workers' Compensation Group Rating Program (GRP) administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

GOVERNMENTAL FUNDS

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

<u>General fund</u> - 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.

<u>Adult Education fund</u> - The adult education fund is used to account for tuition, classroom materials and fees, customer services, and intergovernmental revenues to be used in connection with adult education classes.

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

<u>*Government-Wide Financial Statements*</u> - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

<u>*Fund Financial Statements*</u> - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District 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, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 13 for deferred outflows of resources related the District’s net pension liability.

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

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

For the District, see Note 13 for deferred inflows of resources related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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.

E. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Budgetary statements are presented beyond that legal level of control for informational purposes only. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow and are intended to be repaid.

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended certificate of estimated resources issued for fiscal year 2017.

Appropriations:

Upon receipt from the County Fiscal Officer of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Treasurer maintains budgetary information at the object level and has the authority to allocate appropriations at the function and object level without resolution from the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, supplemental appropriations were legally enacted by the Board.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

Lapsing of Appropriations:

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

F. Cash and Investments

Cash received by the District is deposited in a central bank account with individual fund balance integrity maintained. Monies for all funds are maintained in this account or used to purchase investments. During fiscal year 2017, investments consisted of Federal Agency securities, commercial paper, negotiable certificates of deposit (CDs), U.S. government money market fund and STAR Ohio. Investments are reported at fair value, which is based on quoted market prices.

During fiscal year 2017, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the private purpose trust and public support funds which are individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2017 amounted to $168,311 which includes $14,895 assigned from other District funds.

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

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

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

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of $1,000 for its general capital assets. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Land improvements	25 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

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

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

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. Sick leave benefits are accrued as a liability using the vesting method. Under this method, a liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Anticipated retirement was based on 40 years of age and at least 6 years experience at the District. If 6 years experience was achieved, the District anticipated at least 10 years of service at retirement.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2017 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

K. 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 year. Capital lease obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

L. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned amounts include all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

M. Net Position

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

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Interfund Activity

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 basic financial statements.

Q. On Behalf Payments for Other Entities

The District receives monies that are spent on behalf of another school district or entity, which is reported on the financial statements as "On behalf payments for other entities". These activities are reported as a governmental activity of the District.

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

R. 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. During fiscal 2017, there were no extraordinary or special items.

S. Pensions

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

T. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the District has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the District's fiscal year 2017 financial statements (see Note 7); however, there was no effect on beginning net position/fund balance.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) 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 (c) 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). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the District.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

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

Major special revenue fund	Deficit
Adult education	$ 203,809
Nonmajor fund	
School to work	5,000

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all District deposits was $3,051,151. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $2,979,249 of the District's bank balance of $3,229,249 was exposed to custodial risk as discussed below, while $250,000 was covered by FDIC.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2017, the District had the following investments and maturities:

		Investment Maturities				
Measurement/ Investment Type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FHLB	$ 424,745	$ -	$ -	$ -	$ -	$ 424,745
FHLMC	1,175,039	-	-	-	-	1,175,039
FNMA	3,879,559	-	-	-	-	3,879,559
FFCB	810,197	-	-	-	-	810,197
Commercial paper	3,901,436	3,307,022	594,414	-	-	-
Negotiable CDs	2,487,023	248,097	248,384	744,881	-	1,245,661
U.S. Government money market	10,346	10,346	-	-	-	-
Amortized Cost:						
STAR Ohio	1,505,148	1,505,148	-	-	-	-
Total	$ 14,193,493	$ 5,070,613	$ 842,798	$ 744,881	$ -	$ 7,535,201

The weighted average maturity of investments is 1.83 years.

The District's investments in U.S. Government money markets are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FHLMC, FNMA, FFCB, commercial paper) and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District’s investments in Federal Agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The U.S. Government money market, commercial paper and negotiable CDs were not rated. The negotiable CDs were fully covered by the FDIC. Standard & Poor’s has assigned STAR Ohio an AAAm money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2017:

Measurement/Investment type	Fair Value	% to Total
Fair Value:		
FHLB	$ 424,745	2.99
FHLMC	1,175,039	8.28
FNMA	3,879,559	27.33
FFCB	810,197	5.71
Commercial paper	3,901,436	27.49
Negotiable CDs	2,487,023	17.52
U.S. Government money market	10,346	0.07
Amortized Cost:		
STAR Ohio	1,505,148	10.61
Total	$ 14,193,493	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2017:

Cash and investments per note	
Carrying amount of deposits	$ 3,051,151
Investments	14,193,493
Total	$ 17,244,644
Cash and investments per statement of net position	
Governmental activities	$ 17,040,891
Private-purpose trust fund	116,959
Agency funds	86,794
Total	$ 17,244,644

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2017 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

Receivable fund	Payable fund	Amount
General	Adult education	$ 200,000
General	Nonmajor special revenue funds:	
	Food service	25,000
	School to work	5,000
	Total interfund loans receivable/payable	$ 230,000

The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30. The interfund balance will be repaid once the anticipated revenues are received and is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2017 are reported on the Statement of Net Position.

B. Loans between governmental funds and agency funds are reported as “loans receivable/payable” on the financial statements. The District had the following loans outstanding at fiscal year-end:

Loan from	Loan to	Amount
General fund	Agency funds:	
	District agency	$ 47,000
	Student activities	50,000
	Total loans receivable/payable	$ 97,000

These loans are expected to be repaid in the subsequent year as resources become available in the agency fund.

C. Interfund transfers for the year ended June 30, 2017, consisted of the following, as reported on the fund statements:

Transfers from:	Transfers to:	Amount
General fund	Permanent improvement (nonmajor capital projects fund)	$ 600,000

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values 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 semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on 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 is currently assessed at varying percentages of true value.

The District receives property taxes from Cuyahoga and Summit Counties. The County Auditors periodically advance to the District 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 as an advance at June 30, 2017 was $1,461,091 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was $2,722,629 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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 reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

NOTE 6 - PROPERTY TAXES - (Continued)

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 and other real estate	$ 5,589,807,280	96.47	$ 5,669,343,570	96.06
Public utility personal	204,266,410	3.53	232,594,740	3.94
Total	$ 5,794,073,690	100.00	$ 5,901,938,310	100.00
Tax rate per $1,000 of assessed valuation	$2.00		$2.00	

NOTE 7 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property and business owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Career Center. The EZAs and CRA program are directive incentive tax exemption programs benefiting property and business owners who renovate or construct new buildings or bring new jobs into the area. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock, the development of new structures, and economic growth. Within the taxing districts of the Career Center, certain municipal governments located in the counties of Cuyahoga and Summit have entered into such agreements. Under these agreements, the Career Center's property taxes were reduced by $153,642 in Cuyahoga County and $41,516 in Summit County. The Career Center is not receiving any amounts from the other governments in association with the forgone property tax revenue.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2017 consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 10,777,350
Payment in lieu of taxes	55,928
Accounts	5,384
Intergovernmental	30,006
Accrued interest	35,037
Total	$ 10,903,705

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 9 - CAPITAL ASSETS

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

	Balance 06/30/16	Additions	Deductions	Balance 06/30/17
Capital assets, not being depreciated:				
Land	$ 563,010	$ -	$ -	$ 563,010
Total capital assets, not being depreciated	563,010	-	-	563,010
Capital assets, being depreciated:				
Land improvements	-	33,350	-	33,350
Buildings and improvements	22,576,268	33,751	-	22,610,019
Furniture and equipment	9,838,540	302,382	(502,783)	9,638,139
Vehicles	285,326	90,843	-	376,169
Total capital assets, being depreciated	32,700,134	460,326	(502,783)	32,657,677
Less: accumulated depreciated				
Land improvements	-	(667)	-	(667)
Buildings and improvements	(9,191,940)	(563,366)	-	(9,755,306)
Furniture and equipment	(7,212,341)	(332,389)	339,316	(7,205,414)
Vehicles	(254,922)	(4,140)	-	(259,062)
Total accumulated depreciation	(16,659,203)	(900,562)	339,316	(17,220,449)
Governmental activities capital assets, net	$ 16,603,941	$ (440,236)	$ (163,467)	$ 16,000,238

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 6,028
Vocational	729,199
Adult education	13,181
Support services:	
Pupil	3,974
Instructional staff	83,849
Administration	14,172
Fiscal	6,606
Business	3,850
Operations and maintenance	23,825
Central	2,916
Food service operations	12,746
On behalf payments for other entities	216
Total depreciation expense	$ 900,562

NOTE 10 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations during the year consist of the following:

	Balance 06/30/16	Additions	Reductions	Balance 06/30/17	Amounts due in one year
Governmental activities:					
Compensated absences payable	$ 1,279,776	$ 257,009	$ (348,629)	$ 1,188,156	$ 188,901
Net pension liability:					
STRS	15,315,016	3,142,821	-	18,457,837	-
SERS	4,376,405	1,157,835	-	5,534,240	-
Total net pension liability	19,691,421	4,300,656	-	23,992,077	-
Total long-term obligations	$ 20,971,197	$ 4,557,665	$ (348,629)	$ 25,180,233	$ 188,901

Net pension liability - The District pays obligations related to employee compensation from the fund benefitting from their service. See Note 13 for details.

Compensated absences - Compensated absences will be paid from the fund from which the employee is paid. The compensated absences payments primarily will be made from the general fund.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of $531,174,448 and an unvoted debt margin of $5,901,938.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified and Ohio Association of Public School Employees (OAPSE) employees earn 5 to 25 days of vacation per year, depending upon length of service and or hours worked. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Administrators, support, and classified employees employed to work two hundred sixty (260) days per year earn up to 20 days of vacation per year and are granted 1 additional day of vacation after the first 2 years of uninterrupted service with the District and 1 additional day of vacation for every 2 years following the second year, up to a maximum of five (5) additional days. OAPSE employees employed to work two hundred sixty (260) days per year earn 5 days of vacation after completing 1 year of uninterrupted service and are then granted 5 additional days of vacation after the first 2 years of uninterrupted service with the District. After 5 years of uninterrupted service an additional 5 days of vacation are granted. After 10 years an additional 5 days of vacation is again granted, for a total of 4 weeks of vacation. After 10 years 1 additional day per years is given to a maximum of 5 additional days. Teachers and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 380 days for both certified and classified employees.

Upon retirement, all employees are entitled to the following severance payments:

Certified employees receive a payment for twenty-five percent of their accrued, but unused sick leave to a maximum of seventy-five (75) days. Certified employees are also entitled to one-quarter day of additional severance pay for each unused sick day in the final two years prior to severance. This additional severance shall not exceed seven and a half (7.5) days.

Administrative, support staff and exempt employees receive a payment for up to twenty-five percent (25) of their accrued but unused sick leave to a maximum of seventy-five (75) days. A graduated severance chart starting at 3 years of service through 10 years of service with the District is used. Administrative, support staff and exempt employees are also entitled to one-half day of additional severance pay for each unused sick day in the final two years prior to severance. This additional severance shall not exceed seven and a half (7.5) days.

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

All OAPSE employees are entitled to payment for twenty-five percent of their accrued, but unused sick leave to a maximum of seventy-five (75) days. A graduated severance chart starting at 3 years of service through 10 years of service with the District is used. OAPSE employees are also entitled to one-half day of additional severance pay for each unused sick day in the final two years prior to severance. This additional severance shall not exceed thirty (30) days.

B. Retirement Stipends

The District provides a retirement stipend for administrative employees under the provisions of O.R.C. 3307.35 for qualifying persons who meet the eligibility requirements of the retirement stipend and elect to retire under STRS Ohio. A retirement stipend up to $30,000 is offered to those employees who retire under STRS Ohio on or after July 1, 2015, but on or before June 30, of the contract year in which they are first eligible to retire. Employees must have notified the District no later than October 30 of the contract year during which the employee first becomes or will become eligible to retire, of his/her intention to retire on or before June 30. The District had no STRS Ohio employees who took advantage of the retirement stipend during fiscal year 2017.

The District provides a retirement stipend for support and classified exempt employees under the provisions of O.R.C. 3307.35 for qualifying persons who meet the eligibility requirements of the stipend and elect to retire under STRS/SERS. The retirement stipend is equal to 25% of the employee’s annual base salary and is offered to employees who retire on or after July 1, 2015, but on or before June 30, of the contract year in which they are first eligible to retire. Employees must have notified the District no later than the last business day of October of the contract year of retirement, stating his/her intentions to retire. The District had no support and classified exempt employee who took advantage of the retirement stipend during fiscal year 2017.

C. Retirement Pick-up

For all administrators, supervisory support and classified exempt central office employees, the Board has established procedures for the automatic pick-up of the employee’s portion of the retirement system contribution and Medicare tax from the employee’s salary.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District 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 District maintains comprehensive commercial insurance coverage for liability, property, fleet and excess liability through Wells Fargo Insurance Services USA Inc.

Coverage	Limits of Coverage
Liability:	
General liability - per occurrence/aggregate	$1,000,000/$2,000,000
Sexual abuse/molestation - per occurrence	$1,000,000
Errors and omission - per occurrence/aggregate	$1,000,000/$2,000,000

NOTE 12 - RISK MANAGEMENT - (Continued)

Coverage - (Continued)	Limits of Coverage
Property:	
Blanket building and contents - value/deductible	$60,284,884/$1,000
Inland marine	$500 deductible
EDP	$500 deductible
Equipment breakdown	$1,000 deductible
Fleet:	
Combined single limit	$1,000,000
Garage keepers - each accident/aggregate	$100,000/$100,000
Uninsured motorist	$1,000,000
Comprehensive/collision	$500/$500 deductible
Medical payments	$5,000
Excess liability - per occurrence/aggregate	$5,000,000 in addition to Each line of coverage

There has been no significant reduction in insurance coverages from coverages in the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees in the following amounts:

Certified employees	$50,000
Administrative, support, and classified exempt employees	2.5 times their annual salary
Classified employees	$50,000 or 2.5 times their annual salary for certain employees designated by the agreement

C. Employee Health Benefits

The School District (Consortium Member) participates in the Suburban Health Consortium (Consortium), a shared risk pool (Note 2.A.), to provide group health, life, dental and/or other insurance coverages. Consortium Member premium rates are set or determined by the Board of Directors. To the extent and in the manner permitted by any applicable agreements, policies, rules, regulations and laws, each Consortium Member may require contributions from its employees toward the cost of any benefit program being offered by the Consortium Member and such contributions shall be included in the payments from such Consortium Member to the Fiscal Agent of the Consortium for such benefit program. Consortium Members pay a monthly premium to the Consortium. Because the School District is a member of the Consortium and the Consortium holds the reserves for Incurred But Not Reported (IBNR) claims, not the individual districts, IBNR information is not available on a district-by-district basis.

NOTE 12 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

The District participates in a Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - 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 District'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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District 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 entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to SERS was $319,270 for fiscal year 2017. Of this amount, $41,057 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The District 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 District’s contractually required contribution to STRS was $856,975 for fiscal year 2017. Of this amount, $152,868 is reported as pension and postemployment benefits 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.07669700%	0.05541475%	
Proportion of the net pension liability current measurement date	0.07561390%	0.05514244%	
Change in proportionate share	-0.00108310%	-0.00027231%	
Proportionate share of the net pension liability	$ 5,534,240	$ 18,457,837	$ 23,992,077
Pension expense	$ 305,950	$ 1,139,565	$ 1,445,515

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the District 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	$ 74,643	$ 745,786	$ 820,429
Net difference between projected and actual earnings on pension plan investments	456,495	1,532,495	1,988,990
Changes of assumptions	369,441	-	369,441
District contributions subsequent to the measurement date	319,270	856,975	1,176,245
Total deferred outflows of resources	$ 1,219,849	$ 3,135,256	$ 4,355,105
Deferred inflows of resources			
Difference between District contributions and proportionate share of contributions/ change in proportionate share	$ 407,832	$ 439,463	$ 847,295
Total deferred inflows of resources	$ 407,832	$ 439,463	$ 847,295

$1,176,245 reported as deferred outflows of resources related to pension resulting from District 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	$ 38,335	$ 219,853	$ 258,188
2019	38,005	219,853	257,858
2020	285,180	807,915	1,093,095
2021	131,225	591,197	722,422
Total	$ 492,745	$ 1,838,818	$ 2,331,563

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (level percent of payroll)

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. 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 disabled members 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	$ 7,326,989	$ 5,534,240	$ 4,033,634

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

* 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District'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 District'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%)
District's proportionate share of the net pension liability	$ 24,528,965	$ 18,457,837	$ 13,336,482

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 District's NPL is expected to be significant.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the District's surcharge obligation was $12,623.

The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $12,623, $12,386, and $25,975, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The District's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

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

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

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

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

(d) While not legally required, the District budgets advances-in and advances-out as operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General Fund	Adult Education Fund
Budget basis	$ (200,442)	$ (156,931)
Net adjustment for revenue accruals	(1,348,937)	(1,946)
Net adjustment for expenditure accruals	(198,069)	26,033
Net adjustment for other sources/uses	105,781	17
Funds budgeted elsewhere **	35,550	-
Adjustment for encumbrances	535,509	37,908
GAAP basis	$ (1,070,608)	$ (94,919)

**Some funds are included in the general fund (GAAP-basis), but have separate legally adopted budgets (budget basis). The funds include: uniform school supplies, rotary fund-special services, public school support, and other grant special revenue funds and the unclaimed monies agency fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

C. Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 17 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	78,694
Current year qualifying expenditures	(473,616)
Total	$ (394,922)
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 18 - COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 536,430
Adult education	37,568
Other governmental	119,635
Total	$ 693,633

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REQUIRED SUPPLEMENTARY INFORMATION

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
District's proportion of the net pension liability	0.07561390%	0.07669700%	0.09064900%	0.09064900%
District's proportionate share of the net pension liability	$ 5,534,240	$ 4,376,405	$ 4,587,694	$ 5,390,605
District's covered-employee payroll	$ 2,370,679	$ 2,308,976	$ 2,634,076	$ 4,343,360
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	233.45%	189.54%	174.17%	124.11%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
District's proportion of the net pension liability	0.05514244%	0.05541475%	0.05761420%	0.05761420%
District's proportionate share of the net pension liability	$ 18,457,837	$ 15,315,016	$ 14,013,767	$ 16,693,108
District's covered-employee payroll	$ 5,751,557	$ 5,844,300	$ 5,886,577	$ 7,019,454
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	320.92%	262.05%	238.06%	237.81%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 319,270	$ 331,895	$ 304,323	$ 365,083
Contributions in relation to the contractually required contribution	(319,270)	(331,895)	(304,323)	(365,083)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 2,280,500	$ 2,370,679	$ 2,308,976	$ 2,634,076
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

2013		2012		2011		2010		2009		2008	
$	601,121	$	639,004	$	582,929	$	593,765	$	419,856	$	295,151
	(601,121)		(639,004)		(582,929)		(593,765)		(419,856)		(295,151)
$	-	$	-	$	-	$	-	$	-	$	-
$	4,343,360	$	4,750,959	$	4,637,462	$	4,385,266	$	4,266,829	$	3,005,611
	13.84%		13.45%		12.57%		13.54%		9.84%		9.82%

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Contractually required contribution	$ 856,975	$ 805,218	$ 818,202	$ 765,255
Contributions in relation to the contractually required contribution	(856,975)	(805,218)	(818,202)	(765,255)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 6,121,250	$ 5,751,557	$ 5,844,300	$ 5,886,577
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$ 912,529	$ 1,007,749	$ 1,007,273	$ 968,699	$ 941,319	$ 806,151
(912,529)	(1,007,749)	(1,007,273)	(968,699)	(941,319)	(806,151)
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,019,454	$ 7,751,915	$ 7,748,254	$ 7,451,531	$ 7,240,915	$ 6,201,162
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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 rates and (g) mortality among disabled members 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.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

SUPPLEMENTARY INFORMATION

CUYAHOGA VALLEY CAREER CENTER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
Child Nutrition Cluster:			
(D)(H) National School Lunch Program - Food Donation	10.555	2017	5,024
(C)(H) National School Lunch Program	10.555	2017	62,464
Total National School Lunch Program			67,488
Total Child Nutrition Cluster			67,488
Total U.S. Department of Agriculture			67,488
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:			
Student Financial Assistance Cluster:			
(E)(F) Federal Pell Grant Program	84.063	N/A	232,322
(E)(F) Federal Direct Student Loans	84.268	N/A	586,336
Total Student Financial Assistance Cluster			818,658
Career and Technical Education - Basic Grants to States	84.048	2017	344,851
Improving Teacher Quality State Grants	84.367	2017	1,524
Total U.S. Department of Education			1,165,033
Total Federal Financial Assistance			$ 1,232,521

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

(A) OAKS did not assign pass-through numbers for fiscal year 2017.

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

(C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.

(D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.

(E) Included as part of "Student Financial Assistance Cluster" when determining major programs.

(F) Program directly funded by the U.S. Department of Education.

(G) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has elected not to use the 10% de minimis indirect cost rate.

(H) Included as part of "Child Nutrition Cluster" when determining major programs.

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Cuyahoga Valley Career Center
Cuyahoga County
8001 Brecksville Road
Brecksville, Ohio 44141

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cuyahoga Valley Career Center, Cuyahoga County, Ohio, as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Cuyahoga Valley Career Center's basic financial statements and have issued our report thereon dated November 22, 2017.

Internal Control Over Financial Reporting

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

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

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

Board of Education
Cuyahoga Valley Career Center

Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 22, 2017

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Cuyahoga Valley Career Center
Cuyahoga County
8001 Brecksville Road
Brecksville, Ohio 44141

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Cuyahoga Valley Career Center's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Cuyahoga Valley Career Center's major federal program for the fiscal year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Cuyahoga Valley Career Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Cuyahoga Valley Career Center's compliance for the Cuyahoga Valley Career Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Cuyahoga Valley Career Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Board of Education
Cuyahoga Valley Career Center

Report on Internal Control Over Compliance

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

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 22, 2017

CUYAHOGA VALLEY CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS
UNIFORM GUIDANCE 2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
(d)(1)(ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Program (listed):*	Student Financial Assistance Cluster
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Dave Yost • Auditor of State

CUYAHOGA VALLEY CAREER CENTER

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 4, 2018