KNOX COUNTY CAREER CENTER
KNOX COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost · Auditor of State

KNOX COUNTY CAREER CENTER
KNOX COUNTY
JUNE 30, 2017

TABLE OF CONTENTS

KNOX COUNTY CAREER CENTER
KNOX COUNTY
JUNE 30, 2017

TABLE OF CONTENTS
(Continued)

INDEPENDENT AUDITOR'S REPORT

Knox County Career Center
Knox County
306 Martinsburg Rd.
Mount Vernon, Ohio 43050

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2018, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2018

THIS PAGE INTENTIONALLY LEFT BLANK

It is a privilege to present to you the financial picture of the Knox County Career Center (the "Center"). This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

The Center was able to make many equipment purchases during fiscal year 2017 that will enhance the educational opportunities of students. The Sports Medicine lab has added a stair climber to the equipment that is provided for the students to use as a learning tool. As always, technology enhancements are at the forefront of additions to many programs. Chromebooks were purchased during the fiscal year that will be used in the English classrooms by students. A new color copier was purchased to replace the previous color copier. The up-to-date technology on this copier provides a lower cost per page and also a faster copy time. With the increased quality of print, the Center is able to create documents in house, rather than outsource many of the marketing materials. Educational materials are able to be printed in color at an affordable price to make the learning experience more meaningful. Qomo boards were purchased for use in the College U Business and preschool classrooms. College U Business is the newest program offered to students of the Knox County Career Center. This program allows students to earn an Associate's Degree through Central Ohio Technical College while attending classes at the Center. Two vehicle lifts were purchased for the auto technology programs. This allows for more flexibility in the instructional classroom for both high school and adult education students. Restoration of the Landscape and Design greenhouse was also started in fiscal year 2017. This restoration will give the students the opportunity to grow plants and vegetables that can be available for purchase as the students learn the business side of their trade.

The Knox County Career Center buildings and grounds also received some preventative maintenance work this past year. Several parking lots were sealed and repaired throughout the Center's grounds. The roof restoration project also continued during fiscal year 2017 to help extend the life of the existing structure. The facility operations staff began the process of converting all of the lighting in the buildings to LED (light-emitting diode) lights. Savings in utility costs are expected to be realized. The Center also received rebates from American Electric Power because of the initiative.

The Adult Education division, known as Knox Technical Center, continued to add technology to programs. Additional simulators, including a neonatal and maternal simulator, were added to be used in the medical programs. The Adult Literacy program was able to utilize a local grant to purchase computers to be used by adult students working to obtain their General Equivalency Diploma (GED).

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The statement of net position and statement of activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column. In the case of the Center, the general fund is by far the most significant fund.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the Center's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, the Center's performance, required educational programs, demographic and socioeconomic factors, the willingness of the community to support the Center and other factors. On the other hand, financial factors may include the Center's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the statement of net position and the statement of activities, the Center has one type of activity:

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds begins on page 11. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund and the adult education special revenue fund.

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

The Center as a Whole

You may recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a comparison of the Center's net position for fiscal year 2017 compared to 2016:

Table 1
Net Position
Governmental Activities

	2017	2016	Change
Assets			
Current and Other Assets	$12,696,015	$12,587,534	$108,481
Capital Assets, Net	24,199,938	24,692,098	(492,160)
Total Assets	36,895,953	37,279,632	(383,679)
Deferred Outflows of Resources			
Pension	3,651,778	1,799,679	1,852,099
Liabilities			
Current Liabilities	756,612	916,965	160,353
Long-Term Liabilities:			
Due Within One Year	537,483	497,089	(40,394)
Due in More Than One Year:			
Net Pension Liability	19,791,120	17,096,491	(2,694,629)
Other Amounts	6,323,449	6,523,565	200,116
Total Liabilities	27,408,664	25,034,110	(2,374,554)
Deferred Inflows of Resources			
Property Taxes	2,463,477	2,137,135	(326,342)
Payments in Lieu of Taxes	17,000	17,000	0
Pension	1,187,763	1,664,404	476,641
Total Deferred Inflows of Resources	3,668,240	3,818,539	150,299
Net Position			
Net Investment in Capital Assets	18,353,938	18,479,098	(125,160)
Restricted	983,486	921,897	61,589
Unrestricted (Deficit)	(9,866,597)	(9,174,333)	(692,264)
Total Net Position	$9,470,827	$10,226,662	($755,835)

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." For reasons discussed that follow, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and 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.

GASB 68 requires the net pension liability to equal the Center's proportionate share of each plan's collective:

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

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

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

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

Total assets of governmental activities decreased. The majority of this decrease is due to a decrease in cash and cash equivalents and capital assets. Total liabilities of governmental activities increased due to changes in the net pension liability. The net pension liability increase represents the Center's proportionate share of the pension plans' unfunded benefits. By comparing assets and deferred outflows and liabilities and deferred inflows, one can see the overall position of the Center has declined as evidenced by the decrease in net position.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2017 and 2016.

Table 2
Changes in Net Position
Governmental Activities

	2017	2016	Change
Revenues			
Program Revenues:			
Charges for Services	$1,908,973	$2,035,068	($126,095)
Operating Grants and Contributions	1,065,866	1,016,583	49,283
Total Program Revenues	2,974,839	3,051,651	(76,812)
General Revenues:			
Property Taxes	3,473,610	3,355,883	117,727
Intergovernmental	5,360,673	5,319,074	41,599
Unrestricted Contributions	3,002	0	3,002
Investment Earnings	80,656	53,000	27,656
Payments in Lieu of Taxes	88,972	86,671	2,301
Gain on Sale of Capital Assets	9,630	7,352	2,278
Miscellaneous	19,525	26,695	(7,170)
Total General Revenues	9,036,068	8,848,675	187,393
Total Revenues	12,010,907	11,900,326	110,581
Program Expenses			
Instruction:			
Regular	187,595	173,820	(13,775)
Special	608,500	541,755	(66,745)
Vocational	4,615,414	4,375,349	(240,065)
Adult/Continuing	1,284,471	1,409,711	125,240
Support Services:			
Pupil	887,551	824,205	(63,346)
Instructional Staff	982,058	918,218	(63,840)
Board of Education	16,289	16,354	65
Administration	1,312,269	1,286,430	(25,839)
Fiscal	510,256	477,090	(33,166)
Business	8,310	17,641	9,331
Operation and Maintenance of Plant	1,668,734	1,582,282	(86,452)
Central	38,386	26,499	(11,887)
Operation of Non-Instructional Services	307,380	280,021	(27,359)
Extracurricular Activities	55,140	52,711	(2,429)
Interest and Fiscal Charges	284,389	298,208	13,819
Total Program Expenses	12,766,742	12,280,294	(486,448)
Decrease in Net Position	(755,835)	(379,968)	(375,867)
Net Position Beginning of Year	10,226,662	10,606,630	(379,968)
Net Position End of Year	$9,470,827	$10,226,662	($755,835)

Governmental Activities

Net position of the Center's governmental activities decreased by $755,835 in fiscal year 2017. Program revenues of $2,974,839 and general revenues of $9,036,068 were not sufficient to offset total governmental expenses of $12,766,742. The primary sources of revenue for the Center are derived from property taxes and State foundation payments. The largest expense for the Center is for vocational instruction, which increased by $240,065 in fiscal year 2017, which was the most significant change from the prior fiscal year.

A State law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 6.4 mills. The reduced or effective millage in fiscal year 2017 was 2.182 mills for Residential/Agricultural property and 4.331 mills for other property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Year Ending	Total Valuation	Growth Rate
2017	$1,478,080,066	1.65%
2016	1,454,098,030	-0.06%
2015	1,454,955,670	11.90%
2014	1,300,259,030	-0.77%
2013	1,310,402,930	0.78%
2012	1,300,229,030	-0.78%
2011	1,310,409,120	0.31%
2010	1,306,378,350	0.86%
2009	1,295,216,970	4.39%
2008	1,240,746,314	-0.37%

The average rate of growth over the last 10 years is 1.79 percent.

Unrestricted State support has remained consistent over the past few years. This is mostly due to the Center being funded on the guarantee. The State's funding formula includes a provision that schools will not receive less money for State support than what was received in fiscal year 2015. The Center received $623,292 in guaranteed funding. The Center is making every effort to increase enrollment in order to be removed from guaranteed funding and onto the actual formula. State legislation added a provision beginning in fiscal year 2017 to remove the career technical weights from the guaranteed amounts to allow for financial growth when enrollment increases. This will give career centers the opportunity to purchase much needed equipment to meet the ever increasing demands of current industry standards and the educational needs of the community. Removing the career technical weights from the guaranteed amount resulted in an additional $170,977 in weighted funding. Since enrollment increased, the funding increased. Unfortunately, the legislators did not keep this provision in for fiscal year 2018.

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

Table 3
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	$187,595	($96,141)	$173,820	($93,820)
Special	608,500	(542,698)	541,755	(492,167)
Vocational	4,615,414	(4,305,493)	4,375,349	(4,058,688)
Adult/Continuing	1,284,471	(154,136)	1,409,711	(112,383)
Support Services:				
Pupil	887,551	(695,597)	824,205	(594,487)
Instructional Staff	982,058	(596,767)	918,218	(617,352)
Board of Education	16,289	(15,600)	16,354	(15,626)
Administration	1,312,269	(932,799)	1,286,430	(895,224)
Fiscal	510,256	(489,208)	477,090	(456,211)
Business	8,310	(7,927)	17,641	(17,183)
Operation and Maintenance of Plant	1,668,734	(1,590,674)	1,582,282	(1,482,284)
Central	38,386	(36,616)	26,499	(25,287)
Operation of Non-Instructional Services	307,380	(20,842)	280,021	(26,040)
Extracurricular Activities	55,140	(23,016)	52,711	(43,683)
Interest and Fiscal Charges	284,389	(284,389)	298,208	(298,208)
Total	$12,766,742	($9,791,903)	$12,280,294	($9,228,643)

As one can see, the reliance upon local tax revenues for the governmental activities is crucial. 27.2 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs support 42 percent while program revenues, investments, and other miscellaneous type revenues support the remaining activity costs.

The Center's Funds

The Center's governmental funds (as presented on the balance sheet on page 18) reported total fund balances of $8,938,921, a decrease of $244,507 from fiscal year 2016. The general fund balance decreased by $506,494 in fiscal year 2017, as revenues, predominantly property taxes, decreased and expenditures increased from the prior fiscal year. The adult education fund increased from fiscal year 2016 by $168,716, as the fund received additional transfers from general fund and a decrease in expenditures.

Budgeting Highlights

The Center's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In fiscal year 2017 all funds were appropriated at the fund level.

In fiscal year 2017, the Center adopted its appropriations prior to October 1, 2016 and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues and other financing sources were $9,495,314, an increase from original estimated revenues and other financing sources of $9,475,314.

General fund original appropriations of $10,297,936 were increased to $10,323,444 in the final appropriation measure. Actual expenditures were well below the estimates, as a conservative approach to budgeting is used.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the Center had $24,199,938 invested in land, buildings and improvements, furniture, fixtures and equipment and vehicles, net of accumulated depreciation. The following table shows fiscal 2017 balances compared to 2016.

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

	Governmental Activities	
	2017	2016
Land	$321,280	$321,280
Buildings and Improvements	22,011,963	22,339,456
Furniture, Fixtures and Equipment	1,743,197	1,882,405
Vehicles	123,498	148,957
Total Capital Assets	$24,199,938	$24,692,098

The decrease in capital assets was largely due to depreciation outpacing capital outlay.

The Center's capitalization threshold for capital assets was set at $1,500. For additional information on capital assets, see Note 12 to the basic financial statements.

Debt Administration

At June 30, 2017, the Center had the following in loans and certificates of participation outstanding with $385,000 due in one year. Table 5 summarizes debt outstanding for fiscal year 2017 compared to fiscal year 2016.

Table 5
Oustanding Debt at Fiscal Year End
Governmental Activities

	2017	2016
School Facilities Loan	$2,846,000	$3,093,000
School Facilities COPS	3,000,000	3,120,000
Totals	$5,846,000	$6,213,000

For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The District Leadership Team (DLT) was formed during the summer of 2015, in part to create a vision statement/ mission statement and to create goals for the Center. The group used a variety of team building exercises and small and large group activities to unify the Center and set a vision for the Center to strive to accomplish. The vision of the Knox County Career Center is to prepare students for success. Through progressive curriculum and dynamic hands-on learning, Knox County Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. Knox County Career Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

Mission statements for both the high school and adult education were also in development from these meetings. The mission statement for the high school is that Knox County Career Center exists to develop lifelong learners with the skills and values necessary to achieve success. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics, and meet their obligations as citizens in a democratic and global society.

The Knox County Career Center adult education mission is to provide cutting edge programs that prepare adults with career and lifelong skills. The adult education program shall assist individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, stay abreast of technological developments, and to develop competencies in areas of need and workforce development and personal interest.

The DLT set goals that focus on three key areas: employer partnerships, communication, and community perception. The DLT meets monthly to review the goals and strengthen individual leadership skills, as well as strengthen the group and District as a whole.

In order to meet the goals mentioned previously, it is imperative that the Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student, staff and community needs over the next several years. To help meet the District goals, the DLT surveys the staff, community and the area businesses to gather information on what the Center does well and suggestions for improvement. From these surveys, the need for a dedicated marketing staff member became apparent. With this in mind, the Center has employed a marketing and communications director beginning with fiscal year 2018. With time, the expertise of this person will promote the great things the students accomplish, the benefits of attending the Center, and increase enrollment.

Due to sound fiscal management, the Center has not asked the voters for additional tax millage since 1994. The Center has not received significant increases in State funding for the past few years. This is due to the State financial instability and the Center's consistent enrollment. Since the Center is currently in deficit spending, additional avenues for resources are being researched, as well as continued scrutinizing of expenses.

The Center strives to create and maintain programs that meet the needs of the local community, the State of Ohio, and the nation for both high school and adult learners. This is a never-ending challenge for the Board of Education and the administration. Fiscal year 2017 saw the new program College U Business. This program teaches many facets of the field of business. At the completion of the two-year program, students will have earned an Associate's Degree in Business from Central Ohio Technical College. Fiscal year 2018 saw the addition of a new offering also. The new program is a senior only program called Skilled Trades thru Construction Management. The students will receive experience in many different career paths of the construction industry while incorporating hands-on learning with 21^{st} century technology (CNC, CAD, Laser Engraving, and 3D printing).

Contacting the Center's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tracy L. Elliott, Treasurer, Knox County Career Center, 306 Martinsburg Road, Mount Vernon, Ohio 43050. You may also contact the Treasurer by phone at (740) 397-5820, extension 2257, or by e-mail at telliott@knoxcc.org.

Basic Financial Statements

Knox County Career Center

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$8,543,327
Accounts Receivable	76,581
Intergovernmental Receivable	57,232
Accrued Interest Receivable	10,912
Prepaid Items	64,054
Materials and Supplies Inventory	46,552
Payment in Lieu of Taxes Receivable	38,437
Property Taxes Receivable	3,858,920
Nondepreciable Capital Assets	321,280
Depreciable Capital Assets, Net	23,878,658
Total Assets	36,895,953
Deferred Outflows of Resources	
Pension	3,651,778
Liabilities	
Accounts Payable	20,434
Accrued Wages and Benefits Payable	621,517
Intergovernmental Payable	102,552
Accrued Interest Payable	11,141
Claims Payable	968
Long-Term Liabilities:	
Due Within One Year	537,483
Due In More Than One Year:	
Net Pension Liability (See Note 13)	19,791,120
Other Amounts	6,323,449
Total Liabilities	27,408,664
Deferred Inflows of Resources	
Property Taxes	2,463,477
Payments in Lieu of Taxes	17,000
Pension	1,187,763
Total Deferred Inflows of Resources	3,668,240
Net Position	
Net Investment in Capital Assets	18,353,938
Restricted for Other Purposes	983,486
Unrestricted (Deficit)	(9,866,597)
Total Net Position	$9,470,827

See accompanying notes to the basic financial statements

Knox County Career Center

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	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$187,595	$28,323	$63,131	($96,141)
Special	608,500	25,431	40,371	(542,698)
Vocational	4,615,414	266,508	43,413	(4,305,493)
Adult/Continuing	1,284,471	801,899	328,436	(154,136)
Support Services:				
Pupil	887,551	33,568	158,386	(695,597)
Instructional Staff	982,058	215,036	170,255	(596,767)
Board of Education	16,289	689	0	(15,600)
Administration	1,312,269	286,730	92,740	(932,799)
Fiscal	510,256	21,048	0	(489,208)
Business	8,310	383	0	(7,927)
Operation and Maintenance of Plant	1,668,734	70,550	7,510	(1,590,674)
Central	38,386	1,770	0	(36,616)
Operation of Non-Instructional Services	307,380	124,914	161,624	(20,842)
Extracurricular Activities	55,140	32,124	0	(23,016)
Interest and Fiscal Charges	284,389	0	0	(284,389)
Total Governmental Activities	$12,766,742	$1,908,973	$1,065,866	(9,791,903)

General Revenues	
Property Taxes Levied for General Purposes	3,473,610
Grants and Entitlements not Restricted to Specific Programs	5,360,673
Unrestricted Contributions	3,002
Investment Earnings	80,656
Payments in Lieu of Taxes	88,972
Gain on Sale of Capital Assets	9,630
Miscellaneous	19,525
Total General Revenues	9,036,068
Change in Net Position	(755,835)
Net Position Beginning of Year	10,226,662
Net Position End of Year	$9,470,827

See accompanying notes to the basic financial statements

Knox County Career Center

Balance Sheet

Governmental Funds

June 30, 2017

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$7,471,543	$24,637	$1,029,601	$8,525,781
Accounts Receivable	20,223	56,248	110	76,581
Interfund Receivable	276,320	0	0	276,320
Intergovernmental Receivable	24,237	1,977	31,018	57,232
Accrued Interest Receivable	10,912	0	0	10,912
Prepaid Items	56,511	6,146	1,397	64,054
Materials and Supplies Inventory	29,576	13,234	3,742	46,552
Payment in Lieu of Taxes Receivable	38,437	0	0	38,437
Property Taxes Receivable	3,858,920	0	0	3,858,920
Total Assets	$11,786,679	$102,242	$1,065,868	$12,954,789
Liabilities				
Accounts Payable	$19,762	$395	$277	$20,434
Accrued Wages and Benefits Payable	602,729	6,916	11,872	621,517
Intergovernmental Payable	94,049	2,497	6,006	102,552
Interfund Payable	0	230,000	46,320	276,320
Total Liabilities	716,540	239,808	64,475	1,020,823
Deferred Inflows of Resources				
Property Taxes	2,463,477	0	0	2,463,477
Payments in Lieu of Taxes	17,000	0	0	17,000
Unavailable Revenue	514,568	0	0	514,568
Total Deferred Inflows of Resources	2,995,045	0	0	2,995,045
Fund Balances				
Nonspendable	86,087	19,380	5,139	110,606
Restricted	0	0	983,486	983,486
Committed	0	0	39,706	39,706
Assigned	617,848	0	0	617,848
Unassigned (Deficit)	7,371,159	(156,946)	(26,938)	7,187,275
Total Fund Balances (Deficit)	8,075,094	(137,566)	1,001,393	8,938,921
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$11,786,679	$102,242	$1,065,868	$12,954,789

See accompanying notes to the basic financial statements

Knox County Career Center

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

Total Governmental Funds Balances		$8,938,921
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,199,938
Other long-term assets, such as delinquent property taxes, are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		514,568
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Facilities Loan	(2,846,000)	
School Facilities COPS	(3,000,000)	
Compensated Absences	(1,014,932)	
Total		(6,860,932)
In the statement of activities interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		(11,141)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	3,651,778	
Net Pension Liability	(19,791,120)	
Deferred Inflows - Pension	(1,187,763)	
Total		(17,327,105)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		16,578
Net Position of Governmental Activities		$9,470,827

See accompanying notes to the basic financial statements

Knox County Career Center

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

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$3,094,279	$0	$194,091	$3,288,370
Intergovernmental	5,360,673	362,770	682,461	6,405,904
Interest	80,621	0	35	80,656
Tuition and Fees	407,866	1,239,947	24,840	1,672,653
Rentals	29,619	1,920	0	31,539
Gifts and Donations	3,002	0	20,635	23,637
Customer Sales and Services	79,867	0	124,914	204,781
Payments on Lieu of Taxes	88,972	0	0	88,972
Miscellaneous	11,916	68	7,541	19,525
Total Revenues	9,156,815	1,604,705	1,054,517	11,816,037
Expenditures				
Current:				
Instruction:				
Regular	117,117	0	71,192	188,309
Special	550,429	0	40,439	590,868
Vocational	4,038,099	0	35,608	4,073,707
Adult/Continuing	0	1,143,580	90,296	1,233,876
Support Services:				
Pupil	675,176	2,366	156,386	833,928
Instructional Staff	563,627	259,254	116,920	939,801
Board of Education	14,936	0	0	14,936
Administration	845,723	383,942	20,565	1,250,230
Fiscal	446,336	0	0	446,336
Business	8,310	0	0	8,310
Operation and Maintenance of Plant	1,305,946	7,080	147,774	1,460,800
Central	38,386	0	0	38,386
Operation of Non-Instructional Services	0	0	280,184	280,184
Extracurricular Activities	54,322	0	0	54,322
Capital Outlay	4,509	0	1,882	6,391
Debt Service:				
Principal Retirement	367,000	0	0	367,000
Interest and Fiscal Charges	284,589	0	0	284,589
Total Expenditures	9,314,505	1,796,222	961,246	12,071,973
Excess of Revenues Over (Under) Expenditures	(157,690)	(191,517)	93,271	(255,936)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	11,196	233	0	11,429
Transfers In	0	360,000	0	360,000
Transfers Out	(360,000)	0	0	(360,000)
Total Other Financing Sources (Uses)	(348,804)	360,233	0	11,429
Net Change in Fund Balances	(506,494)	168,716	93,271	(244,507)
Fund Balances (Deficit) Beginning of Year	8,581,588	(306,282)	908,122	9,183,428
Fund Balances (Deficit) End of Year	$8,075,094	($137,566)	$1,001,393	$8,938,921

See accompanying notes to the basic financial statements

Knox County Career Center

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

For the Year Ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		($244,507)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:		
Capital Outlay	195,551	
Current Year Depreciation	(685,912)	
Total		(490,361)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(1,799)
Revenues in the statement of activities that do not provide current financial resources, such as delinquent property taxes, are not reported as revenues in the funds.		185,240
Repayments of the school facilities loan and the certificates of participation are an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		367,000
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds an interest expenditure is reported when due.		200
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as exenditures in governmental funds.		(207,278)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		927,697
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,293,586)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental fund and related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		1,559
Change in Net Position of Governmental Activities		($755,835)

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Total Revenues and Other Sources	$9,475,314	$9,495,314	$9,467,675	($27,639)
Total Expenditures and Other Uses	10,297,936	10,323,444	9,963,870	359,574
Net Change in Fund Balance	(822,622)	(828,130)	(496,195)	331,935
Fund Balance Beginning of Year	7,792,924	7,792,924	7,792,924	0
Prior Year Encumbrances Appropriated	74,913	74,913	74,913	0
Fund Balance End of Year	$7,045,215	$7,039,707	$7,371,642	$331,935

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Total Revenues and Other Sources	$1,640,847	$2,115,847	$2,126,713	$10,866
Total Expenditures and Other Uses	1,693,491	2,168,491	2,160,829	7,662
Net Change in Fund Balance	(52,644)	(52,644)	(34,116)	18,528
Fund Balance Beginning of Year	48,653	48,653	48,653	0
Prior Year Encumbrances Appropriated	3,991	3,991	3,991	0
Fund Balance End of Year	$0	$0	$18,528	$18,528

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Net Position

Internal Service Fund

June 30, 2017

	Self Insurance
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$17,546
Liabilities	
Current Liabilities	
Claims Payable	968
Net Position	
Unrestricted	$16,578

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2017

	Self Insurance
Operating Revenues	
Charges for Services	$14,590
Operating Expenses	
Purchased Services	4,867
Claims	8,164
Total Operating Expenses	13,031
Change in Net Position	1,559
Net Position Beginning of Year	15,019
Net Position End of Year	$16,578

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2017

	Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	$14,590
Cash Payments to Suppliers for Goods and Services	(4,867)
Cash Payments for Claims	(7,467)
Net Increase in Cash and Cash Equivalents	2,256
Cash and Cash Equivalents Beginning of Year	15,290
Cash and Cash Equivalents End of Year	$17,546
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$1,559
Adjustments:	
Increase in Claims Payable	697
Net Cash Provided by Operating Activities	$2,256

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$18,129	$76,279
Liabilities		
Due to Students	0	$76,279
Net Position		
Held in Trust for Scholarships	$18,129	

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
	Scholarship
Additions	
Interest	$115
Deductions	
Payments in Accordance with Trust Agreements	74
Change in Net Position	41
Net Position Beginning of Year	18,088
Net Position End of Year	$18,129

See accompanying notes to the basic financial statements

Note 1 – Description of the Center and Reporting Entity

The Knox County Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center includes six member school districts spread throughout Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland counties.

The Center is a jointly governed organization operating under a seven member board: three members are appointed by the Knox County Educational Service Center Board, three by the City of Mount Vernon School Board, and one by the Richland County Educational Service Center Board. Each Board member is elected to their home district and then appointed to the Center's board. The Center provides educational services as authorized by state statute and/or federal guidelines. The Center employs 67 certified full-time employees and 21 non-certified full-time employees who provide services to 576 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government of the Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Knox County Career Center, this includes the agencies and departments that provide the following services: general operations, food service, preschool and student related activities of the Center.

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

The Center participates in a jointly governed organization and two public entity risk pools. These organizations are META Solutions, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Ohio School Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the Center that are governmental and those that are considered business-type. The Center, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

Adult Education Fund The adult education fund is used to account for and report revenues and expenditures restricted for adult education classes. Revenues consist primarily of tuition and fees as well as grants received.

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

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

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Center on a cost reimbursement basis. The Center's only internal service fund is a self insurance fund that accounts for dental and vision claims of the Center's employees.

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

Measurement Focus

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund is included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its internal service fund activity.

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

Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Center, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, 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. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 19. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 13)

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

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

Budgetary Process

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Investments

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

During fiscal year 2017, investments were limited to federal home loan mortgage corporation bonds and federal home loan bank bonds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to $80,621, which includes $10,755 assigned from other Center funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

Inventory

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

Capital Assets

All capital assets of the Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Estimated Lives
Buildings and Improvements	50-100 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	10-15 years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Center's past experience of making termination payments.

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 judgements, compensated absences and net pension liability 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for classroom facilities maintenance, public school preschool, and other local, state, and federal grants.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represent intended uses established by the Center Board of Education, a Center official delegated that authority by resolution only, or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance to cover a gap between estimated revenue and appropriations in the fiscal year 2018 appropriated budget and for high school consumer services.

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

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

Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Estimates

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

Note 3 – Changes in Accounting Principles

For fiscal year 2017, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*. GASB Statement No. 77 requires disclosure of information about the nature and magnitude of tax abatements. These changes were incorporated in the Center's 2017 financial statements; however, there were no material abatements.

The Center also implemented GASB's *Implementation Guide No. 2016-1.* These changes were incorporated in the Center's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Accountability and Compliance

Accountability

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

Special Revenue Funds:	
Adult Education	($137,566)
Food Service	(21,799)

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

Compliance

The Center had negative cash balances of $7,534 in the adult basic literacy grant fund and $4,786 in the vocational education grant fund indicating that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10.

Note 5 – Fund Balances

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

Fund Balances	General	Adult Education	Other Governmental Funds	Total
Nonspendable:				
Prepaids	$56,511	$6,146	$1,397	$64,054
Inventory	29,576	13,234	3,742	46,552
Total Nonspendable	86,087	19,380	5,139	110,606
Restricted for:				
Facilities Maintenance	0	0	900,140	900,140
Day Care	0	0	5,727	5,727
Adult Basic Literacy	0	0	66	66
Vocational Education	0	0	296	296
Other Purposes	0	0	77,257	77,257
Total Restricted	0	0	983,486	983,486
Committed to:				
Other Purposes	0	0	39,706	39,706
Assigned to:				
Purchases on Order	41,016	0	0	41,016
2018 Appropriations	504,939	0	0	504,939
High School Consumer Services	71,893	0	0	71,893
Total Assigned	617,848	0	0	617,848
Unassigned (Deficit)	7,371,159	(156,946)	(26,938)	7,187,275
Total Fund Balances (Deficit)	$8,075,094	($137,566)	$1,001,393	$8,938,921

Note 6 – Budgetary Basis of Accounting

While the Center is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund and major special revenue fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
4. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
7. Budgetary revenues and expenditures of the high school consumer services fund is classified to general fund for GAAP reporting.

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	($506,494)	$168,716
Net Adjustment for Revenue Accruals	(24,192)	(58,225)
Net Adjustment for Expenditure Accruals	77,109	(133,498)
Beginning Unrecorded Cash End of Year	1,601	0
Ending Unrecorded Cash End of Year	(53)	0
Beginning Fair Value Adjustment for Investments	240	0
Ending Fair Value Adjustment for Investments	2,012	0
Advances In	237,000	220,000
Advances Out	(241,000)	(225,000)
Encumbrances	(42,547)	(6,109)
Perspective Difference:		
High School Consumer Services	129	0
Budget Basis	($496,195)	($34,116)

Note 7 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed previously;

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

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

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

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

8. Commercial paper and bankers acceptances of training requirement have been met.

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

At year end, the Center has $1,000 in undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, $1,277,864 of the Center’s bank balance of $8,145,202 was exposed to custodial credit risk because if was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent. Although the securities serving as collateral were held by the pledging institution in the pledging institution’s name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Center to a successful claim by the FDIC.

The Center has no deposit policy for custodial credit risk beyond the requirement of State statute. Ohio law requires that deposit be either insured or be protected by eligible securities pledged to and deposited either with the Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred and two percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred and five percent.

Investments

Investments are reported at fair value. As of June 30, 2017, the Center had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level 2 Inputs:				
Federal Home Loan Mortgage Corporation Bonds	$497,950	Less than five years	AA+	64.42 %
Federal Home Loan Bank Bonds	275,038	Less than five years	AA+	35.58
Total Investments	$772,988			100.00 %

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the Center's recurring fair value measurements as of June 30, 2017. The Center's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

Credit Risk The federal home loan mortgage corporation bonds, federal home loan bank bonds, and federal farm credit bank bonds carry a rating of AA+ by Standard and Poor's. The Center places no limit on the amount it may invest in any one issuer. The Center has no investment policy that would further limit its investment choices.

Note 8 – Property Taxes

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

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

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

The Center receives property taxes from Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2017, are available to finance fiscal year 2018 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2017, was $880,875 in the general fund. The amount available as an advance at June 30, 2016, was $1,040,623 in the general fund.

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

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	$1,378,167,440	94.78 %	$1,389,278,166	93.99 %
Public Utility Personal	75,930,590	5.22	88,801,900	6.01
Total	$1,454,098,030	100.00 %	$1,478,080,066	100.00 %
Tax rate per $1,000 of assessed valuation	$6.40		$6.40	

Note 9 – Receivables

Receivables at June 30, 2017, consisted of taxes, accounts (customer services, student fees and insurance premiums), payments in lieu of taxes, and intergovernmental revenues. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

At June 30, 2017, the Center had the following intergovernmental receivables:

Intergovernmental Receivable	Amount
Day Care Grant	$17,775
Foundation	14,122
Bureau of Workers' Compensation	12,185
Adult Basic Literacy Grant	7,810
Vocational Education Grant	4,786
Miscellaneous	554
Total Intergovernmental Receivable	$57,232

The Center is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the Center receives as part of TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

Note 10 – Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Center maintains comprehensive insurance coverage with a private carrier for liability coverage. Real property, building contents and vehicles are through Ohio School Plan. The Center joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual participant enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The Center pays its annual premium to the OSP (see Note 19). The Center has general liability coverage with $5,000,000 per occurrence and $7,000,000 general aggregate.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Incorporated provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The Center offers vision and dental insurance to all eligible employees through a self insurance fund. The Center has a third party administrator, Medical Claims Services, review and administer the claims activity. The claims liability of $968 reported in the internal service fund at June 30, 2017, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

Year	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2016	$1,258	$6,499	$7,486	$271
2017	271	8,164	7,467	968

Note 11 – Interfund Transactions

Interfund Balances

Interfund Payable	Interfund Receivable General
Major Governmental Fund:	
Adult Education	$230,000
Other Governmental Funds:	
Food Serivce	23,000
Day Care Grant	11,000
Adult Basic Literacy Grant	7,534
Vocational Education Grant	4,786
Total	$276,320

The interfund payables from the funds are for student tuition and fees and grant funding that were not received by fiscal year end.

Interfund Transfers

A transfer of $360,000 was made from the general fund to the adult education fund to support the operations of that fund. The transfer made during fiscal year 2017 was made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

Note 12 – Capital Assets

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

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17
Governmental Activities				
Non-Depreciable Assets:				
Land	$321,280	$0	$0	$321,280
Depreciable Assets:				
Buildings and improvements	26,571,461	12,146	0	26,583,607
Furniture, fixtures and equipment	4,324,892	183,405	(16,868)	4,491,429
Vehicles	308,146	0	0	308,146
Total Depreciable Assets	31,204,499	195,551	(16,868)	31,383,182
Less Accumulated Depreciation:				
Buildings and improvements	(4,232,005)	(339,639)	0	(4,571,644)
Furniture, fixtures and equipment	(2,442,487)	(320,814)	15,069	(2,748,232)
Vehicles	(159,189)	(25,459)	0	(184,648)
Total Accumulated Depreciation	(6,833,681)	(685,912) *	15,069	(7,504,524)
Depreciable Capital Assets, Net	24,370,818	(490,361)	(1,799)	23,878,658
Governmental Activities Capital Assets, Net	$24,692,098	($490,361)	($1,799)	$24,199,938

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$11,079
Special	262
Vocational	432,540
Adult/Continuing	51,095
Support Services:	
Pupil	15,409
Instructional Staff	42,829
Board of Education	336
Administration	27,882
Fiscal	15,024
Operation and Maintenance of Plant	69,992
Operation of Non-Instructional Services	19,464
Total Depreciation Expense	$685,912

Note 13 – Pension Plans

Net Pension Liability

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

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

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

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

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

Plan Description – State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

The Center's contractually required contribution to STRS was $717,489 for fiscal year 2017. Of this amount $71,768 is reported as an intergovernmental payable.

Plan Description – School Employees Retirement System (SERS)

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

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The Center's contractually required contribution to SERS was $210,208 for fiscal year 2017. Of this amount $7,714 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	STRS	SERS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.04978693%	0.05847850%	
Proportion of the Net Pension Liability Current Measurement Date	0.04711683%	0.05492080%	
Change in Proportionate Share	-0.00267010%	-0.00355770%	
Proportionate Share of the Net Pension Liability	$15,771,424	$4,019,696	$19,791,120
Pension Expense	$872,468	$421,118	$1,293,586

At June 30, 2017, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$637,241	$54,216	$691,457
Changes of assumptions	0	268,337	268,337
Net difference between projected and actual earnings on pension plan investments	1,309,452	331,567	1,641,019
Changes in proportionate Share and difference between Center contributions and proportionate share of contributions	0	123,268	123,268
Center contributions subsequent to the measurement date	717,489	210,208	927,697
Total Deferred Outflows of Resources	$2,664,182	$987,596	$3,651,778
Deferred Inflows of Resources			
Changes in Proportionate Share and Difference between Center contributions and proportionate share of contributions	$1,038,686	$149,077	$1,187,763

$927,697 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2018	$13,283	$166,748	$180,031
2019	13,282	166,510	179,792
2020	515,755	199,741	715,496
2021	365,687	95,312	460,999
Total	$908,007	$628,311	$1,536,318

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
Salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
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 commences 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 setback for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	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 include the real rate of return and inflation of 2.5 percent, 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.

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 previously. 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 of future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Center's proportionate share of the net pension liability	$20,958,940	$15,771,424	$11,395,447

Changes Between Measurement Date and Report Date

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

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, compared with June 30, 2015, are presented as follows:

Method	June 30, 2016	June 30, 2015
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
COLA or Ad Hoc COLA	3 percent	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal	Entry Age Normal

For 2016, the mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. For 2015, the mortality assumptions were based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

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

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

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

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. A discount rate of 7.75 percent was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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%)
Center's proportionate share of the net pension liability	$5,321,827	$4,019,696	$2,929,758

Note 14 – Postemployment Benefits

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board discretionary 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 Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2017, June 30, 2016 and June 30. 2015, STRS Ohio did not allocate any employer contributions to post-employment health care.

School Employees Retirement System (SERS)

Health Care Plan Description – The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 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 Center's surcharge obligation was $14,862.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $14,862, $17,729, and $41,007, respectively. The full amount has been contributed for fiscal years 2017, 2016, and 2015.

Note 15 – Other Employee Benefits

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn twelve to twenty seven days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to one-third of accumulated sick days not to exceed 276 days. The total maximum payment is for 92 days.

Note 16 – Long-Term Obligations

The changes in the Center's long-term obligations during fiscal year 2017 were as follows:

		Outstanding 6/30/2016	Additions	Reductions	Outstanding 6/30/2017	Amounts Due in One Year
Governmental Activities						
School Facilities Loan	4.84%					
Issued August 17, 2006		$3,093,000	$0	($247,000)	$2,846,000	$260,000
School Facilities COPS	2-5%					
Issued September 10, 2013		3,120,000	0	(120,000)	3,000,000	125,000
Compensated Absences		807,654	337,367	(130,089)	1,014,932	152,483
Net Pension Liability:						
STRS		13,759,651	2,011,773	0	15,771,424	0
SERS		3,336,840	682,856	0	4,019,696	0
Total Net Pension Liability		17,096,491	2,694,629	0	19,791,120	0
Total Governmental Activities Long-Term Liabilities		$24,117,145	$3,031,996	($497,089)	$26,652,052	$537,483

The School Facilities loan will be used for the local portion of the Ohio School Facilities Commission Project. The loan will be paid from General Fund property tax revenue and matures June 30, 2026.

In 2013, the Center issued $3,355,000 in Certificates of Participation (COPs) for the purpose of building improvements. The COPs will be paid from General Fund property tax revenue and mature on December 1, 2034. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the PS&W Holding Company, Incorporated and then subleased back to the Center. The initial term of the Lease expires on June 30, 2014, and renewals are subject to appropriations by the Board of Education. Upon the appropriation of sufficient funds to pay base rent during each renewal period and certification of sufficiency of those appropriations, the Lease will be renewed by the Center for successive renewal periods, each of one year or less, through December 31, 2033. The base rent includes an interest component of 2-5 percent. The Center may purchase the project on any date by paying to the Trustee as Lessor the amount necessary to defease the Indenture.

Compensated absences will be paid from the general fund and adult education and food service special revenue funds. There is no repayment schedule for the net pension liability; however, employer pension contributions are made from the general fund and adult education, food service, public school preschool, and adult basic literacy grant special revenue funds. For additional information related to the net pension liability see Note 13.

The Center's overall legal debt margin was $133,027,206 with an unvoted debt margin of $1,478,080 at June 30, 2017. Principal and interest requirements to retire the debt outstanding at June 30, 2017, are as follows:

	School Facilities Loan		School Facilities COPS		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$260,000	$137,746	$125,000	$132,437	$385,000	$270,183
2019	272,000	125,162	125,000	129,781	397,000	254,943
2020	285,000	111,998	130,000	126,750	415,000	238,748
2021	299,000	98,204	135,000	121,750	434,000	219,954
2022	314,000	83,732	140,000	114,875	454,000	198,607
2023-2027	1,416,000	175,450	825,000	458,425	2,241,000	633,875
2028-2032	0	0	1,030,000	246,601	1,030,000	246,601
2033-2034	0	0	490,000	24,750	490,000	24,750
Total	$2,846,000	$732,292	$3,000,000	$1,355,369	$5,846,000	$2,087,661

Note 17 – Set-Asides

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

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

	Capital Improvement
Set-Aside Balance as of June 30, 2016	$0
Current Year Set-Aside Requirement	100,909
Qualifying Disbursements	(100,909)
Set-Aside Balance as of June 30, 2017	$0

Note 18 – Jointly Governed Organization

The Center is a participant with META Solutions, which is jointly governed organization among 128 member districts. META Solutions was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports META Solutions based upon a per pupil charge dependent upon the software package utilized. META Solutions is governed by a board of directors consisting of superintendents of the members' districts. The degree of control exercised by any participating school district is limited to its representation on the board. The Center paid $33,597 for services during fiscal year 2017. Audited yearly financial statements are available at META Solutions, 100 Executive Drive, Marion, Ohio, 43302.

Note 19 – Public Entity Risk Pools

Insurance Purchasing Pool

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

Shared Risk Pool

Ohio School Plan – The Center participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Shuett Insurance Agency, Incorporated and a partner of the Hylant Group, Incorporated. Hylant Group, Incorporated is the Administrator of the OSP and is responsible for processing claims. Harcum-Shuett Insurance Agency, Incorporated is the sales and marketing representative, which establishes agreements between OSP and member schools.

Note 20 – Contingencies

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2017.

Foundation Funding

Center foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As a result of the fiscal year 2017 reviews, the Center is owed \$11,340 from ODE. This amount has not been included in the financial statements.

Litigation

The Center is not a party to any legal proceedings.

Note 21 – Encumbrances

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

General	$42,547
Adult Education	6,109
Other Governmental Funds	8,540
Internal Service	1,305
Total	$58,501

Required Supplementary Information

Knox County Career Center

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.04711683%	0.04978693%	0.05219699%	0.05219699%
Center's Proportionate Share of the Net Pension Liability	$15,771,424	$13,759,651	$12,696,115	$15,123,528
Center's Covered Payroll	$4,966,286	$5,150,821	$5,358,357	$4,887,423
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	317.57%	267.14%	236.94%	309.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

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

Knox County Career Center

Required Supplementary Information

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

School Employees Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.05492080%	0.05847850%	0.05439100%	0.05439100%
Center's Proportionate Share of the Net Pension Liability	$4,019,696	$3,336,840	$2,752,696	$3,234,458
Center's Covered Payroll	$1,730,457	$1,766,979	$1,562,687	$1,735,580
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	232.29%	188.84%	176.15%	186.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

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

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

Knox County Career Center

Required Supplementary Information

Schedule of Center Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$717,489	$695,280	$721,115	$696,586
Contributions in Relation to the Contractually Required Contribution	(717,489)	(695,280)	(721,115)	(696,586)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll	$5,124,921	$4,966,286	$5,150,821	$5,358,357
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$635,365	$686,733	$681,482	$688,307	$666,920	$657,443
(635,365)	(686,733)	(681,482)	(688,307)	(666,920)	(657,443)
$0	$0	$0	$0	$0	$0
$4,887,423	$5,282,562	$5,242,169	$5,294,669	$5,130,154	$5,057,254
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Knox County Career Center

Required Supplementary Information

Schedule of Center Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$210,208	$242,264	$232,888	$216,588
Contributions in Relation to the Contractually Required Contribution	(210,208)	(242,264)	(232,888)	(216,588)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll	$1,501,486	$1,730,457	$1,766,979	$1,562,687
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$240,204	$225,442	$200,835	$210,317	$131,790	$119,074
(240,204)	(225,442)	(200,835)	(210,317)	(131,790)	(119,074)
$0	$0	$0	$0	$0	$0
$1,735,580	$1,676,150	$1,597,731	$1,553,302	$1,339,329	$1,212,566
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Changes in Assumptions – SERS

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

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

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

KNOX COUNTY CAREER CENTER
KNOX COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Federal Grantor Pass through grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	$ 18,126
Cash Assistance:		
School Breakfast Program	10.553	35,194
National School Lunch Program	10.555	96,356
Total Child Nutrition Cluster		149,676
State Administrative Expenses for Child Nutrition	10.560	1,200
Total U.S. Department of Agriculture		**150,876**
U.S. DEPARTMENT OF EDUCATION		
Direct Program:		
Student Financial Assistance Cluster		
Federal Pell Grant Program	84.063	458,867
Federal Direct Student Loans	84.268	786,661
Total Student Financial Assistance Cluster		**1,245,528**
Passed Through Ohio Department of Education:		
Adult Education - Basic Grants to States	84.002	43,735
Career and Technical Education - Basic Grants to States	84.048	307,715
Improving Teacher Quality State Grants	84.367	1,837
Total U.S. Department of Education		**1,598,815**
Total Federal Awards Expenditures		**$ 1,749,691**

KNOX COUNTY CAREER CENTER
KNOX COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Knox County Career Center (the Center's) under programs of the federal government for the 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 Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

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

Knox County Career Center
Knox County
306 Martinsburg Rd.
Mount Vernon, Ohio 43050

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 Knox County Career Center, Knox County, (the Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 13, 2018.

Internal Control Over Financial Reporting

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

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

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.ohioauditor.gov

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2018

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

Knox County Career Center
Knox County
306 Martinsburg Rd.
Mount Vernon, Ohio 43050

To the Board of Education

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 13, 2018

KNOX COUNTY CAREER CENTER
KNOX COUNTY

SCHEDULE OF FINDINGS
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 weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster
(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?**	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.

KNOX COUNTY CAREER CENTER

KNOX 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
MARCH 29, 2018

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