DELAWARE AREA CAREER CENTER
DELAWARE COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY
JUNE 30, 2017

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2017, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

December 8, 2017

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

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

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- The Career Center's net position of governmental activities increased $1,283,384 which represents a 3.27% increase from 2016.

- Governmental activities' general revenues accounted for $12,333,183 in revenue or 72.97% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $4,567,613 in revenue or 27.03% of total revenues of $16,900,796.

- The Career Center had $15,617,412 in expenses related to governmental activities; only $4,567,613 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $12,333,183 were adequate to provide for these programs.

- The Career Center's major governmental funds are the general fund and the permanent improvement fund. The general fund had $14,730,707 in revenues and $30,035,130 in expenditures and other financing uses. The general fund's fund balance decreased $15,304,423 from $34,147,703 to $18,843,280.

- The permanent improvement fund had $17,415,414 in revenues and other financing sources and $12,616,464 in expenditures. The permanent improvement fund's fund balance increased $4,798,950 from $6,193,570 to $10,992,520.

Using the Basic Financial Statements (BFS)

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 Career 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 Career Center, presenting both an aggregate view of the Career 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 Career Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Career Center, the general fund and the permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

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

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

In the statement of net position and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The Career Center's statement of net position and statement of activities can be found on pages 19 and 20 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career 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 basic financial statements. The basic governmental fund financial statements can be found on pages 21-25 of this report.

Proprietary Funds

The Career Center maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the Career Center's various functions. The Career Center has an internal service fund to account for a self-insurance program which provides health benefits to employees. The basic proprietary fund financial statements can be found on pages 26-28 of this report.

Reporting the Career Center's Fiduciary Responsibilities

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are reported in agency funds. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 29 and 30. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-68 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Career Center's net pension liability. The required supplementary information can be found on pages 70-76 of this report.

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The Career Center as a Whole

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

Net Position

	Governmental Activities 2017	Governmental Activities 2016
Assets		
Current and other assets	$ 41,155,502	$ 51,171,501
Capital assets, net	29,502,137	17,782,065
Total assets	70,657,639	68,953,566
Deferred Outflows of Resources		
Pensions	4,317,910	1,822,308
Liabilities		
Current liabilities	4,211,347	1,105,680
Long-term liabilities:		
Due within one year	125,300	127,595
Due in more than one year:		
Net pension liability	22,472,259	19,085,189
Other amounts	865,084	924,214
Total liabilities	27,673,990	21,242,678
Deferred Inflows of Resources		
Property taxes levied for next fiscal year	5,658,637	8,603,050
Pensions	1,087,479	1,658,087
Total deferred inflows of resources	6,746,116	10,261,137
Net Position		
Net investment in capital assets	26,441,989	17,487,998
Restricted	3,448,416	4,894,258
Unrestricted	10,665,038	16,889,803
Total net position	$ 40,555,443	$ 39,272,059

Net Pension Liability and Related Deferred Inflows/Outflows of Resources Related to Pension

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

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

Under the standards required by GASB 68, the net pension liability equals the Career 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 Career Center is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the Career 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 of resources. In addition, the Career Center has reported a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Net Position Analysis

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the Career Center's assets and deferred outflows exceeded liabilities and deferred inflows of resources by $40,555,443.

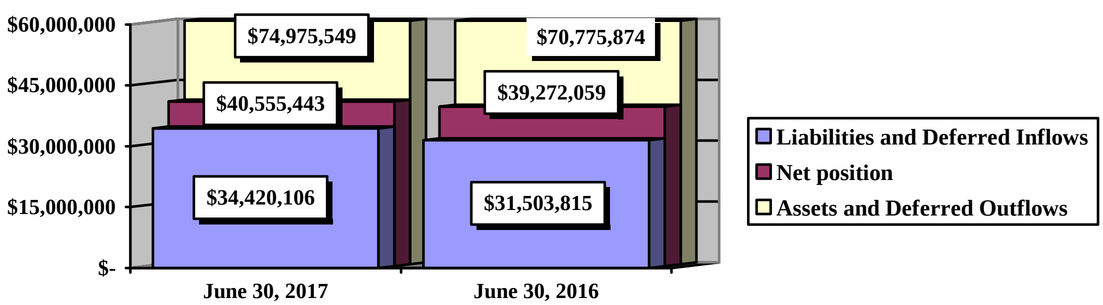
The Career Center's current and other assets decreased primarily due to the Career Center's ten-year combination levy (1.3 mill operating levy and a 0.4 mill permanent improvement levy) being ruled invalid by the State Tax Commissioner due to the Delaware County Board of Elections unintentionally failing to notify the other four surrounding counties regarding the combination levy. This levy was passed in Delaware County on November 3, 2015. Due to the ruling, taxes receivable and the related deferred inflow – property taxes levied for the next fiscal year decreased substantially from the prior year.

Capital assets, net, increased as the Career Center continued the construction project to consolidate the two campuses into one campus. At fiscal year-end, capital assets represented 41.75% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2017 was $26,441,989. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, $3,448,416, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of $10,665,038 may be used to meet the Career Center's ongoing obligations to the students and creditors.

The graph below illustrates the Career Center's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2017 and June 30, 2016.

Governmental Activities



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

Change in Net Position

	Governmental Activities	
	2017	2016
Revenues		
Program revenues:		
Charges for services and sales	$ 2,973,379	$ 2,584,027
Operating grants and contributions	1,594,234	986,645
General revenues:		
Property taxes	8,592,706	11,779,663
Grants and entitlements	3,416,520	3,749,167
Payment in lieu of taxes	9,898	9,029
Investment earnings	354,351	273,817
Increase (decrease) in fair value of investments	(93,552)	52,716
Miscellaneous	53,260	46,896
Total revenues	16,900,796	19,481,960
Expenses		
Program expenses:		
Instruction:		
Regular	$ 1,277,156	$ 874,818
Special	280,990	305,436
Vocational	5,746,227	4,796,728
Adult/continuing	835,442	778,820
Other	1,109	865
Support services:		
Pupil	1,191,782	1,082,718
Instructional staff	1,369,111	1,064,157
Board of education	246,286	254,239
Administration	1,504,481	1,228,974
Fiscal	795,072	792,722
Operations and maintenance	1,692,140	1,560,608
Pupil transportation	30,806	28,112
Central	249,058	278,944
Operation of non-instructional services:		
Food service operations	296,960	253,485
Other non-instructional services	33,418	25,099
Extracurricular activities	63,479	53,894
Interest and fiscal charges	3,895	2,933
Total expenses	15,617,412	13,382,552
Change in net position	1,283,384	6,099,408
Net position at beginning of year	39,272,059	33,172,651
Net position at end of year	$ 40,555,443	$ 39,272,059

Governmental Activities

Net position of the Career Center's governmental activities increased $1,283,384. Total governmental expenses of $15,617,412 were offset by program revenues of $4,567,613 and general revenues of $12,333,183. Program revenues supported 29.25% of the total governmental expenses.

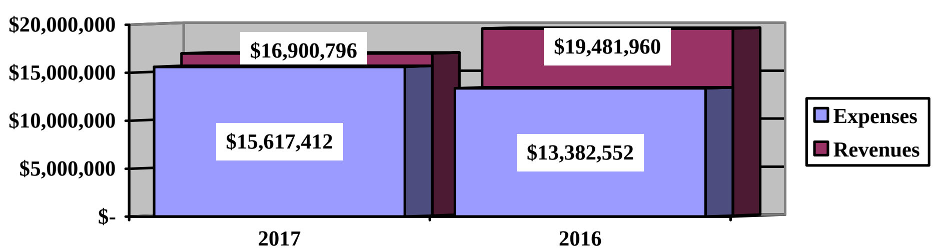
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 71.06% of total governmental revenue. Real estate property is reappraised every six years. Property tax revenues decreased $3,186,957 due to the Career Center's ten-year combination levy (1.3 mill operating levy and a 0.4 mill permanent improvement levy) being ruled invalid by the State Tax Commissioner due to the Delaware County Board of Elections unintentionally failing to notify the other four surrounding counties regarding the combination levy. This levy was passed in Delaware County on November 3, 2015. Due to the ruling, taxes revenue decreased substantially from the prior year. The amount of property taxes collected and available as advance for June 30, 2017, June 30, 2016 and June 30, 2015 were $2,160,935, $3,204,242, and $3,012,403, respectively. Interest earnings increased $80,534 due to better interest rates on Career Center investments; however, this increase was offset by a fair value decrease in investments. The Career Center intends to hold investments to maturity thus eliminating fluctuations in the fair value on investments. All other revenues remained comparable to the previous year.

Overall, expenses increased $2,234,860, or 16.70% mainly due to an increase in instructional expenses. The largest expense of the Career Center is for instructional programs. Instruction expenses totaled $8,140,924 or 52.13% of total governmental expenses for fiscal year 2017. Instruction expenses increased primarily in the areas of regular and vocational instruction due to increased staff, customary wage and benefit increases, and an increase in pension related costs due to an increase in the Career Center's net pension liability.

Although fiscal year 2017 revenues continued to exceed expenses resulting in a change in net position of $1,283,384, this change in net position is $4,816,024 less than it was in the prior year due to the decrease in property tax revenue coupled with the increase in expenses in fiscal year 2017.

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2017 and 2016.

Governmental Activities - Revenues and Expenses



DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

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

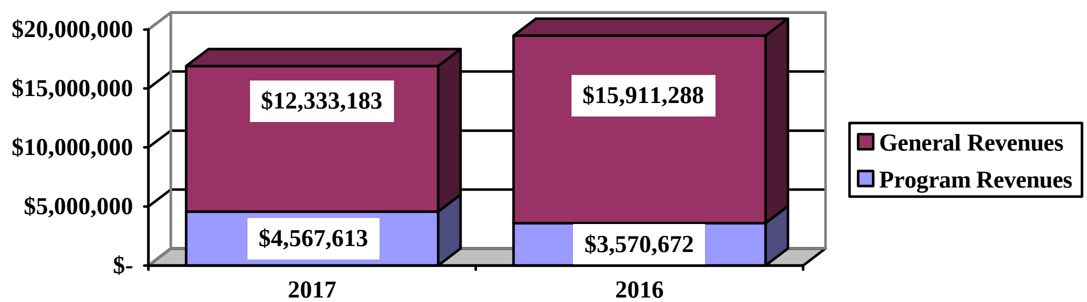
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program expenses:				
Instruction:				
Regular	$ 1,277,156	$ 1,238,727	$ 874,818	$ 811,156
Special	280,990	280,990	305,436	305,436
Vocational	5,746,227	2,565,251	4,796,728	2,436,964
Adult/continuing	835,442	157,553	778,820	146,932
Other	1,109	1,109	865	865
Support services:				
Pupil	1,191,782	1,126,624	1,082,718	1,019,528
Instructional staff	1,369,111	1,049,963	1,064,157	866,042
Board of education	246,286	246,286	254,239	254,239
Administration	1,504,481	1,447,548	1,228,974	1,185,639
Fiscal	795,072	788,644	792,722	783,750
Operations and maintenance	1,692,140	1,641,954	1,560,608	1,539,010
Pupil transportation	30,806	30,806	28,112	15,448
Central	249,058	238,626	278,944	278,944
Operation of non-instructional services:				
Food service operations	296,960	136,686	253,485	86,001
Other non-instructional services	33,418	31,658	25,099	25,099
Extracurricular activities	63,479	63,479	53,894	53,894
Interest and fiscal charges	3,895	3,895	2,933	2,933
Total expenses	$ 15,617,412	$ 11,049,799	$ 13,382,552	$ 9,811,880

The dependence upon taxes and other general revenues for governmental activities is apparent, as 52.13% of fiscal year 2017 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 70.75% in fiscal year 2017. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

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

Governmental Activities - General and Program Revenues



The Career Center's Funds

The Career Center's governmental funds reported a combined fund balance of $30,182,074, which is less than last year's total balance of $40,732,971. The table below indicates the fund balance and the total change in fund balance as of June 30, 2017 and June 30, 2016.

	Fund Balance June 30, 2017	Fund Balance June 30, 2016	Increase (Decrease)
General	$ 18,843,280	$ 34,147,703	$ (15,304,423)
Permanent Improvement	10,992,520	6,193,570	4,798,950
Nonmajor Governmental	346,274	391,698	(45,424)
Total	$ 30,182,074	$ 40,732,971	$ (10,550,897)

General Fund

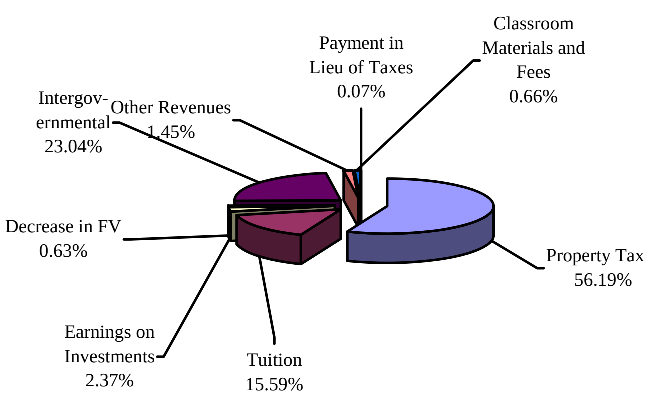
The Career Center's general fund balance decreased $15,304,423 in large part due to the general fund transferring $17 million to the permanent improvement fund to continue the Career Center's construction project of combining the two campuses into one campus.

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

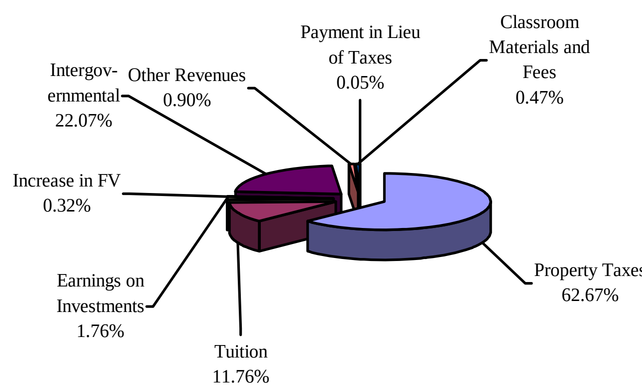
	2017 Amount	2016 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Property taxes	$ 8,382,725	$ 10,365,688	$ (1,982,963)	(19.13) %
Payment in lieu of taxes	9,898	9,029	869	9.62 %
Tuition	2,326,364	1,945,024	381,340	19.61 %
Earnings on investments	353,448	291,602	61,846	21.21 %
Increase (decrease) in fair value of investments	(93,552)	52,716	(146,268)	(277.46) %
Classroom materials and fees	98,359	77,345	21,014	27.17 %
Intergovernmental	3,437,075	3,650,364	(213,289)	(5.84) %
Other revenues	216,390	149,139	67,251	45.09 %
Total	$ 14,730,707	$ 16,540,907	$ (1,810,200)	(10.94) %

Overall revenues of the general fund decreased $1,810,200 or 10.94%. On a GAAP basis, property tax revenues decreased $1,982,963 due to the Career Center's ten-year combination levy (1.3 mill operating levy) being ruled invalid by the State Tax Commissioner due to the Delaware County Board of Elections unintentionally failing to notify the other four surrounding counties regarding the combination levy. This levy was passed in Delaware County on November 3, 2015. Due to the ruling, taxes revenue decreased substantially from the prior year. Tuition revenue increased $381,340 or 19.61% primarily due to an increase in student enrollment for fiscal year 2017. Earnings on investment increased $61,846 or 21.21% as the Career Center had favorable interest rates on its investments. Classroom materials and supplies increased as a result of increased student enrollment in the Career Center's programs. Other revenues increased mainly due to an increase in contract services. All other revenue classifications of the Career Center remained comparable to the prior fiscal year.

Revenues - Fiscal Year 2017



Revenues - Fiscal Year 2016

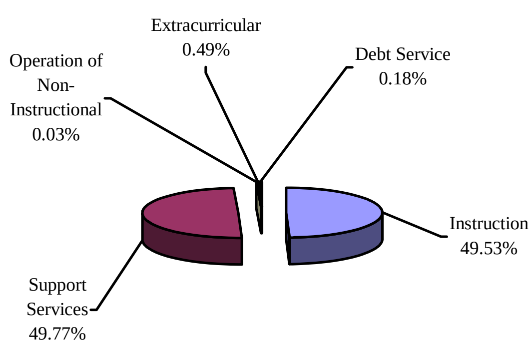


The table that follows assists in illustrating the expenditures of the general fund.

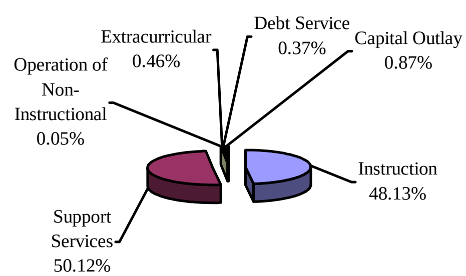
	2017 Amount	2016 Amount	Increase/ (Decrease)	Percentage Change
Expenditures				
Instruction	$ 6,333,814	$ 5,698,713	$ 635,101	11.14 %
Support services	6,364,415	5,933,114	431,301	7.27 %
Operation of non-instructional services	4,321	6,004	(1,683)	(28.03) %
Extracurricular activities	62,587	54,679	7,908	14.46 %
Capital outlay	-	102,542	(102,542)	(100.00) %
Debt service	22,992	43,810	(20,818)	(47.52) %
Total	$ 12,788,129	$ 11,838,862	$ 949,267	8.02 %

Overall expenditures of the general fund increased $949,267 or 8.02%. Instruction and support services expenditures increased due to increased staff as a result of increased enrollment. Debt service expenditures decreased due to having only one capital lease in fiscal year 2017. Capital outlay decreased due to not issuing a new capital lease during the fiscal year. All expenditure classifications of the Career Center remained comparable to the prior fiscal year.

Expenditures - Fiscal Year 2017



Expenditures - Fiscal Year 2016



Permanent Improvement Fund

The permanent improvement fund had $17,415,414 in revenues and other financing sources and $12,616,464 in expenditures. The permanent improvement fund's fund balance increased $4,798,950 from $6,193,570 to $10,992,520. This increase in fund balance is primarily attributable to a $17 million transfer in from the general fund for the construction project of combining the two campuses into one.

General Fund Budgeting Highlights

The Career Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Career Center uses site-based budgeting, and the budgeting systems are designed to tightly control total site budgets while still providing flexibility for site management. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues and other financing sources were $15,031,118, which was $1,405,718 less than original budget estimates of $16,436,836. This decrease is partially due to the Career Center's ten-year combination levy (1.3 mill operating levy) being ruled invalid by the State Tax Commissioner due to the Delaware County Board of Elections unintentionally failing to notify the other four surrounding counties regarding the combination levy, causing the District to reduce budgeted property tax amounts by $451,148. Actual revenues and other financing sources of $15,596,565 were $565,447 more than final budgeted revenues and other financing sources.

General fund original appropriations (expenditures and other financing uses) of $30,956,734 were $48,826 more than final budget estimates of $30,907,908. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled $30,096,095, which was $811,813 less than the final budget estimates. The primary reason for the variance between the final and actual expenditures was in the area of vocational instruction expense.

Capital Assets and Debt Administration

Capital Assets

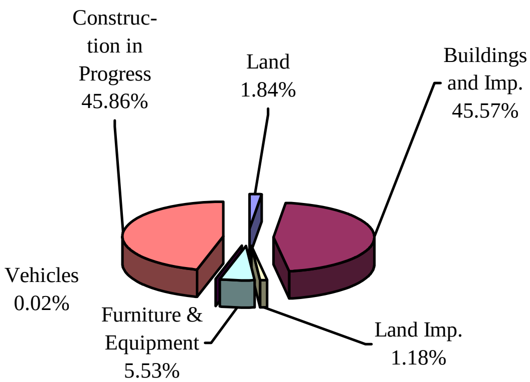
At the end of fiscal year 2017, the Career Center had $29,502,137 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2017 balances compared to June 30, 2016.

Capital Assets at June 30
(Net of Depreciation)

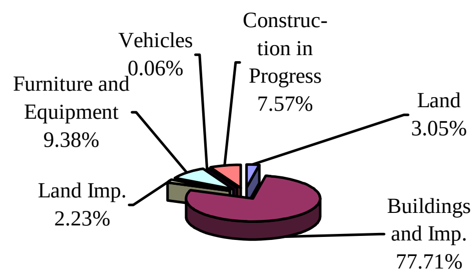
	Governmental Activities	
	2017	2016
Land	$ 542,956	$ 542,956
Land improvements	348,957	397,408
Buildings and improvements	13,444,503	13,818,329
Furniture and equipment	1,630,665	1,668,491
Vehicles	6,543	9,468
Construction in progress	13,528,513	1,345,413
Total	$ 29,502,137	$ 17,782,065

The following graphs show the breakdown of governmental activities capital assets by category for fiscal years 2017 and 2016.

Capital Assets - Governmental Activities 2017



Capital Assets - Governmental Activities 2016



The overall increase in capital assets of $11,720,072 is due to capital asset additions of $12,425,871 exceeding depreciation and disposals of $705,799. The capital asset additions primarily relate to construction in progress on the construction project of combining the two campuses into one campus. See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

Debt Administration

At June 30, 2017, the Career Center had $22,548,176 in long-term obligations, excluding compensated absences. Of this total, $19,971 is due within one year. The following table summarizes the long-term obligations outstanding at June 30, 2017 and June 30, 2016.

Outstanding Debt, at Year End

	Governmental Activities 2017	Governmental Activities 2016
Net pension liability	$ 22,472,259	$ 19,085,189
Capital lease obligations	75,917	95,014
Total long-term obligations	$ 22,548,176	$ 19,180,203

At June 30, 2017, the Career Center's overall legal debt margin was $520,148,909, with an unvoted debt margin of $5,779,432.

See Note 10 to the basic financial statements for additional information on the Career Center's long-term obligations and Note 12 for information on the net pension liability.

Current Financial Related Activity

The Career Center had an eventful 2017 fiscal year. In December 2016, the Career Center was informed that the ten-year combination levy (1.3 mill operating levy and a 0.4 mill permanent improvement levy) the district thought it had passed on November 3, 2015 wasn't going to be collected because the Delaware County Board of Elections had unintentionally failed to notify the other four surrounding counties regarding the combination levy. Even though the combination levy passed in Delaware County by 10,000 votes, since roughly 1,000 residents in those four surrounding counties did not vote on the levy, the State's Tax Commissioner ruled that the levy was invalid.

This was a devastating development. The Career Center's Board of Education had approved several design and construction contracts related to consolidating the two DACC campuses into one campus after the combination levy had supposedly passed (the levy was passed in November 2015, the contracts were approved in early 2016). The plan was to have the construction done by the start of school in the fall of 2018 at a cost of around $45 million. With the combination levy not being collected, the Career Center had to put the project on hold until the funding situation could be resolved. Another complicating factor, since a year had passed since the vote, the Career Center could no longer renew the levy. The Career Center would have to ask for a new levy. A new levy no longer qualifies for the State's rollback payments (the renewal levy did) which means taxpayers would have to pay more money for the same levy millage.

The Career Center pleaded its case to the Supreme Court asking for the Court to intercede to direct the Tax Commissioner to collect the combination levy given all of these factors. The request failed on a 4-3 vote.

Fortunately, State Reps Carfagna and Brenner, introduced House Bill 124 that would allow the four surrounding counties to vote on the issue and then add those votes to the existing Delaware County votes from November 2015. By allowing this unique voting calculation, the combination levy would be renewed and continue to receive the State's rollback payments. The bill eventually was passed by both the House and the Senate with minor changes and signed by the Governor.

Although the Career Center lost a year's worth of real estate collections on the combination levy, the Career Center should be able to borrow enough funds to finish the project and not ask the taxpayers for additional mills beyond renewing the combination levy.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Christopher H. Bell, Treasurer, Delaware Area Career Center, 4565 Columbus Pike, Delaware, Ohio 43015-8969.

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DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 32,802,734
Receivables:	
Property taxes	7,906,276
Accounts	104,237
Accrued interest	27,515
Intergovernmental	222,751
Loans	13,253
Prepayments	62,610
Materials and supplies inventory	12,470
Inventory held for resale	3,656
Capital assets:	
Nondepreciable capital assets	14,071,469
Depreciable capital assets, net	15,430,668
Capital assets, net	29,502,137
Total assets	70,657,639
Deferred outflows of resources:	
Pension - STRS	2,822,415
Pension - SERS	1,495,495
Total deferred outflows of resources	4,317,910
Liabilities:	
Accounts payable	276,984
Contracts payable	2,984,231
Accrued wages and benefits payable	644,577
Pension and postemployment benefits payable	89,451
Intergovernmental payable	92,983
Claims payable	123,121
Long-term liabilities:	
Due within one year	125,300
Due in more than one year:	
Net pension liability (See Note 12)	22,472,259
Other amounts due in more than one year	865,084
Total liabilities	27,673,990
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,658,637
Pension - STRS	892,339
Pension - SERS	195,140
Total deferred inflows of resources	6,746,116
Net position:	
Net investment in capital assets	26,441,989
Restricted for:	
Capital projects	2,984,231
Locally funded programs	723
State funded programs	6,772
Federally funded programs	68,982
Adult education	387,708
Unrestricted	10,665,038
Total net position	$ 40,555,443

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

		Program Revenues		Net (Expense) Revenue and Charges in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 1,277,156	$ 2,154	$ 36,275	$ (1,238,727)
Special	280,990	-	-	(280,990)
Vocational	5,746,227	2,537,613	643,363	(2,565,251)
Adult/continuing	835,442	265,010	412,879	(157,553)
Other	1,109	-	-	(1,109)
Support services:				
Pupil	1,191,782	-	65,158	(1,126,624)
Instructional staff	1,369,111	14,765	304,383	(1,049,963)
Board of education	246,286	-	-	(246,286)
Administration	1,504,481	6,123	50,810	(1,447,548)
Fiscal	795,072	3,539	2,889	(788,644)
Operations and maintenance	1,692,140	49,130	1,056	(1,641,954)
Pupil transportation	30,806	-	-	(30,806)
Central	249,058	-	10,432	(238,626)
Operation of non-instructional services:				
Food service operations	296,960	95,045	65,229	(136,686)
Other non-instructional services	33,418	-	1,760	(31,658)
Extracurricular activities	63,479	-	-	(63,479)
Interest and fiscal charges	3,895	-	-	(3,895)
Total governmental activities	$ 15,617,412	$ 2,973,379	$ 1,594,234	(11,049,799)

General revenues:	
Property taxes levied for:	
General purposes	8,296,525
Capital outlay	296,181
Payments in lieu of taxes	9,898
Grants and entitlements not restricted to specific programs	3,416,520
Investment earnings	354,351
(Decrease) in fair value of investments	(93,552)
Miscellaneous	53,260
Total general revenues	12,333,183
Change in net position	1,283,384
Net position at beginning of year	39,272,059
Net position at end of year	$ 40,555,443

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	$ 17,357,893	$ 14,001,765	$ 387,216	$ 31,746,874
Receivables:				
Property taxes	7,906,276	-	-	7,906,276
Accounts	27,058	-	77,179	104,237
Accrued interest	27,515	-	-	27,515
Intergovernmental	16,640	-	206,111	222,751
Interfund loans	130,715	-	-	130,715
Loans	13,253	-	-	13,253
Prepayments	57,336	-	5,274	62,610
Materials and supplies inventory	12,470	-	-	12,470
Inventory held for resale	-	-	3,656	3,656
Total assets	$ 25,549,156	$ 14,001,765	$ 679,436	$ 40,230,357
Liabilities:				
Accounts payable	$ 166,801	$ 25,014	$ 25,005	$ 216,820
Contracts payable	-	2,984,231	-	2,984,231
Accrued wages and benefits payable	601,543	-	43,034	644,577
Compensated absences payable	17,963	-	-	17,963
Interfund loans payable	-	-	130,715	130,715
Intergovernmental payable	92,395	-	588	92,983
Pension and postemployment benefits payable	77,069	-	12,382	89,451
Total liabilities	955,771	3,009,245	211,724	4,176,740
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	5,658,637	-	-	5,658,637
Delinquent property tax revenue not available	86,704	-	-	86,704
Intergovernmental revenue not available	-	-	87,460	87,460
Accrued interest not available	4,764	-	-	4,764
Tuition revenue not available	-	-	33,978	33,978
Total deferred inflows of resources	5,750,105	-	121,438	5,871,543
Fund balances:				
Nonspendable:				
Materials and supplies inventory	12,470	-	-	12,470
Prepaids	57,336	-	5,274	62,610
Restricted:				
Adult education	-	-	353,675	353,675
Food service operations	-	-	2,752	2,752
Other purposes	-	-	3,763	3,763
Committed:				
Capital improvements	-	10,992,520	-	10,992,520
Assigned:				
Student instruction	42,150	-	-	42,150
Student and staff support	138,513	-	-	138,513
School supplies	12,451	-	-	12,451
Wellness activities	11,176	-	-	11,176
Extracurricular activities	139	-	-	139
Subsequent year's appropriations	297,082	-	-	297,082
Other purposes	79,764	-	-	79,764
Unassigned (deficit)	18,192,199	-	(19,190)	18,173,009
Total fund balances	18,843,280	10,992,520	346,274	30,182,074
Total liabilities, deferred inflows and fund balances	$ 25,549,156	$ 14,001,765	$ 679,436	$ 40,230,357

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

Total governmental fund balances			$	30,182,074
Amounts reported for governmental activities on the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				29,502,137
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.				
Property taxes receivable	$	86,704		
Accounts receivable		33,978		
Accrued interest receivable		4,764		
Intergovernmental receivable		87,460		
Total				212,906
Internal service funds are used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position The net position of the internal service funds is:				872,575
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows and deferred outflows are not reported in the governmental funds.				
Deferred outflows - Pension		4,317,910		
Deferred Inflows - Pension		(1,087,479)		
Net pension liability		(22,472,259)		
Total				(19,241,828)
Long-term liabilities, including capital lease obligations payable, are not due payable in the current period and therefore are not reported in the funds.				
Capital lease obligations		(75,917)		
Compensated absences		(896,504)		
Total				(972,421)
Net position of governmental activities			$	40,555,443

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 8,382,725	$ 320,429	$ -	$ 8,703,154
Payment in lieu of taxes	9,898	-	-	9,898
Tuition	2,326,364	-	273,206	2,599,570
Earnings on investments	353,448	-	-	353,448
(Decrease) in fair value of investments	(93,552)	-	-	(93,552)
Charges for services	-	-	95,045	95,045
Classroom materials and fees	98,359	-	4,285	102,644
Rental income	47,836	-	-	47,836
Contributions and donations	250	-	1,760	2,010
Contract services	115,044	-	70,998	186,042
Other local revenues	53,260	-	37,331	90,591
Intergovernmental - state	3,437,075	94,985	722,214	4,254,274
Intergovernmental - federal	-	-	632,272	632,272
Total revenues	14,730,707	415,414	1,837,111	16,983,232
Expenditures:				
Current:				
Instruction:				
Regular	1,249,584	-	34,852	1,284,436
Special	287,642	-	-	287,642
Vocational	4,796,588	321,909	541,158	5,659,655
Adult/continuing	-	-	807,088	807,088
Support services:				
Pupil	1,089,635	-	66,407	1,156,042
Instructional staff	1,006,798	-	323,627	1,330,425
Board of education	242,273	-	-	242,273
Administration	1,450,894	-	56,025	1,506,919
Fiscal	794,142	9,849	8,197	812,188
Operations and maintenance	1,504,384	33,723	2,997	1,541,104
Pupil transportation	30,806	-	-	30,806
Central	245,483	-	10,632	256,115
Operation of non-instructional services:				
Food service operations	-	-	277,516	277,516
Other non-instructional services	4,321	11,717	1,037	17,075
Extracurricular activities	62,587	-	-	62,587
Facilities acquisition and construction	-	12,239,266	-	12,239,266
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	19,097	-	-	19,097
Interest and fiscal charges	3,895	-	-	3,895
Total expenditures	12,788,129	12,616,464	2,129,536	27,534,129
Excess of revenues over (under) expenditures	1,942,578	(12,201,050)	(292,425)	(10,550,897)
Other financing sources (uses):				
Transfers in	-	17,000,000	247,001	17,247,001
Transfers (out)	(17,247,001)	-	-	(17,247,001)
Total other financing sources (uses)	(17,247,001)	17,000,000	247,001	-
Net change in fund balances	(15,304,423)	4,798,950	(45,424)	(10,550,897)
Fund balances at beginning of year	34,147,703	6,193,570	391,698	40,732,971
Fund balances at end of year	$ 18,843,280	$ 10,992,520	$ 346,274	$ 30,182,074

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

Net change in fund balances - total governmental funds			$	(10,550,897)
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 costs of those assets are allocated over their estimated useful lives as depreciation expense.				
Capital asset additions	$	12,425,871		
Current year depreciation		(704,932)		
Total				11,720,939
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.				(867)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.				
Property tax revenue		(110,448)		
Tuition revenue		13,240		
Earnings on investments		903		
Intergovernmental revenue		13,869		
Total				(82,436)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.				19,097
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.				1,176,965
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.				(1,497,825)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.				60,291
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.				438,117
Change in net position of governmental activities			$	1,283,384

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
From local sources:				
Property taxes	$ 9,515,652	$ 9,064,504	$ 9,031,641	$ (32,863)
Payment in lieu of taxes	10,428	9,530	9,898	368
Tuition	2,451,035	1,766,412	2,326,364	559,952
Earnings on investments	379,922	277,436	360,597	83,161
Classroom materials and fees	1,391	1,350	1,320	(30)
Rental income	50,661	46,980	48,084	1,104
Other local revenues	39,343	41,130	37,342	(3,788)
Intergovernmental - state	3,679,404	3,514,276	3,492,252	(22,024)
Total revenues	16,127,836	14,721,618	15,307,498	585,880
Expenditures:				
Current:				
Instruction:				
Regular	1,712,235	1,278,257	1,249,274	28,983
Special	392,654	292,451	286,487	5,964
Vocational	6,294,625	4,821,884	4,592,660	229,224
Other	-	405	-	405
Support services:				
Pupil	1,500,033	1,157,485	1,094,448	63,037
Instructional staff	1,405,465	1,091,728	1,025,450	66,278
Board of education	356,475	269,770	260,090	9,680
Administration	2,003,755	1,517,353	1,461,972	55,381
Fiscal	1,070,928	822,655	781,366	41,289
Operations and maintenance	2,184,076	1,718,387	1,593,537	124,850
Pupil transportation	45,091	39,858	32,899	6,959
Central	342,265	264,772	249,722	15,050
Other operation of non-instructional services	5,922	7,656	4,321	3,335
Extracurricular activities	86,210	67,898	62,900	4,998
Total expenditures	17,399,734	13,350,559	12,695,126	655,433
Excess of revenues over (under) expenditures	(1,271,898)	1,371,059	2,612,372	1,241,313
Other financing sources (uses):				
Refund of prior year's expenditures	9,000	9,000	15,918	6,918
Transfers (out)	(13,257,000)	(17,257,001)	(17,257,001)	-
Advances in	300,000	300,000	271,056	(28,944)
Advances (out)	(300,000)	(300,348)	(143,968)	156,380
Sale of capital assets	-	500	2,093	1,593
Total other financing sources (uses)	(13,248,000)	(17,247,849)	(17,111,902)	135,947
Net change in fund balance	(14,519,898)	(15,876,790)	(14,499,530)	1,377,260
Fund balance at beginning of year	31,090,660	31,090,660	31,090,660	-
Prior year encumbrances appropriated	345,345	345,345	345,345	-
Fund balance at end of year	$ 16,916,107	$ 15,559,215	$ 16,936,475	$ 1,377,260

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2017

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and investments	$ 1,055,860
Liabilities:	
Accounts payable.	60,164
Claims payable	123,121
Total liabilities	183,285
Net position:	
Unrestricted.	$ 872,575

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services.	$ 1,883,894
Operating expenses:	
Purchased services.	495,706
Claims	950,071
Total operating expenses.	1,445,777
Operating income/change in net position . .	438,117
Net position at beginning of year.	434,458
Net position at end of year	$ 872,575

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services.	$ 1,883,894
Cash payments for contractual services	(435,542)
Cash payments for claims	(949,613)
Net cash provided by operating activities	498,739
Net increase in cash and cash cash equivalents	498,739
Cash and cash equivalents at beginning of year . . .	557,121
Cash and cash equivalents at end of year	$ 1,055,860
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 438,117
Changes in assets and liabilities:	
Increase in accounts payable	60,164
Increase in claims payable	458
Net cash provided by operating activities.	$ 498,739

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	$ 17,099	$ 92,117
Receivables:		
Intergovernmental	-	13,683
Total assets	17,099	$ 105,800
Liabilities:		
Accounts payable	-	$ 1,050
Loan payable	-	13,253
Intergovernmental payable	-	3,756
Due to students	-	87,741
Total liabilities	-	$ 105,800
Net position:		
Held in trust for scholarships	17,099	
Total net position	$ 17,099	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

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

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	$ 3,000
Deductions:	
Scholarships awarded	3,000
Change in net position	-
Net position at beginning of year.	17,099
Net position at end of year	$ 17,099

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Delaware Area Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education (the "Board") consisting of one representative from each of the participating school districts' elected boards. The Board possesses its own budgeting and taxing authority. The Career Center exposes students to job training skills leading to employment upon graduation from high school.

The Career Center was established in 1972. The Career Center serves Delaware County and other surrounding counties. It is staffed by 53 classified employees, 61 certified teaching personnel, and 13 administrative employees who provide services to 1,901 students and other community members. The Career Center currently operates two instructional/administration buildings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The following organizations are described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions
The Career Center is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member Career Centers. The Board of Directors consists of the Superintendents from eleven of the member Career Centers. During fiscal year 2017, the Career Center paid META Solutions $45,296 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Central Ohio Regional Professional Development Center
The Central Ohio Regional Professional Development Center (the "Center") is a jointly governed organization among the school districts in Delaware, Licking, Franklin, Madison, Pickaway, and Union Counties. The Center was formed to advance the State Board of Education's mission that all students can learn by creating a high performance system of education. The Center's purpose is to provide long-term ongoing meaningful professional development for all education and school support personnel. The Center is governed by a twenty-two member Board made up of representatives from the participating school districts, the business community, and three institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Hugh Garside, Southwestern City School District, 2975 Kingston Avenue, Grove City, Ohio 43123.

INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan
The Career Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

Ohio School Plan
The Ohio School Plan (the "Plan") is a shared liability, property and fleet insurance risk pool, which is governed by a Board of thirteen school Superintendents, Business Managers and Treasurers. Harcum-Schuett, the insurance agency, has one Board seat. OSBA, BASA, and OASBO Executive Directors serve as ex-officio members. There are 450 educational entities served by the Plan. The Plan's Board elects officers for one year terms to serve as the Board of Directors. The Board of Directors exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information, write to the Ohio School Plan, Hylant Administrative Services, LLC, 811 Madison Avenue, P.O. Box 2083, Toledo, Ohio 43604.

B. Fund Accounting

The Career Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain Career Center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent improvement fund - The permanent improvement capital projects fund accounts for levy collections used for the acquisition, construction, or improvement of capital facilities.

Other governmental funds of the Career Center are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those often found in the private sector. The Career Center has no enterprise funds. The following is a description of the Career Center's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Career Center, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Career Center accounts for a self-insurance program, which provides medical/surgical benefits to employees.

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Career Center. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Career Center.

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

Fund Financial Statements - Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

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

Like the government-wide statements, 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 are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating revenues of the Career Center’s health and dental self-insurance internal service fund are charges for services (premiums). Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Basis of Accounting

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

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

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

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

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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career 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, payment in lieu of taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, see Note 12 for deferred outflows of resources related the Career Center's net pension liability.

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

For the Career Center, see Note 12 for deferred inflows of resources related to the Career Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Unearned Revenues - Revenues received during fiscal year 2017 resulting from exchange transactions for which the Career Center has yet to provide the requisite services as of June 30, 2017 have been recorded as unearned revenue on both the government-wide and fund financial statements. The Career Center had no unearned revenues to report as of June 30, 2017.

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

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

The specific timetable for fiscal year 2017 is as follows:

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

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer.

   The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2017.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

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

6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original and final appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2017.

9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

F. Cash and Investments

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center’s records. Each fund’s interest in the pool is presented as “equity in pooled cash and investments” on the basic financial statements.

During fiscal year 2017, investments were limited to negotiable certificates of deposit, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, U.S. Government money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for STAR Ohio discussed below, investments are reported at fair value which is based on quoted market prices.

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

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

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to $353,448, which includes $111,754 assigned from other Career Center funds.

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

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

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

G. Inventory

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

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventories consist of donated food, purchased food, and non-food supplies.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains its capitalization threshold at $2,500. 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. The Career Center does not possess infrastructure.

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

Description	Governmental Activities Estimated Lives
Land improvements	25 years
Buildings and improvements	10 - 100 years
Furniture and equipment	5 - 70 years
Vehicles	6 - 10 years

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable” and “loans receivable/payable”. The “interfund loans receivable/payable” balance is eliminated in the governmental activities column on the statement of net position. The “loans receivable/payable” balance is reported in both the government-wide and fund financial statements for amounts due to/from agency funds.

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the funds from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

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

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

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

L. Fund Balance

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Career Center Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Career 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 Career Center for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

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

M. Net Position

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

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

O. Estimates

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

P. Interfund Activity

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

Q. 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 position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2017.

S. Fair Market Value

The Career 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the Career Center's fiscal year 2017 financial statements (see Note 18); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Career Center.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

B. Deficit Fund Balances

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

Nonmajor Governmental Funds	Deficit
Vocational Education Enhancement	$ 4,104
Adult Basic Education	1,049
Vocational Education	12,752
Miscellaneous Federal Grants	1,285
Total	$ 19,190

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

6. The State Treasury Asset Reserve of Ohio investment pool (STAR Ohio);

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

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

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

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

A. Cash on Hand

At fiscal year end, the Career Center had $425 in undeposited cash on hand, which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all Career Center deposits was $1,189,846. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, $1,053,724 of the Career Center's bank balance of $1,315,343 was exposed to custodial credit risk as discussed below, while $261,619 was covered by the FDIC.

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

C. Investments

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

		Investment Maturities		
Measurement/ Investment type	Measurement Amount	6 Months or Less	7 to 12 Months	13 to 18 Months
Fair Value:				
Negotiable CDs	$ 8,162,641	$ 5,185,717	$ 2,976,924	$ -
FFCB	2,986,890	-	-	2,986,890
FHLMC	6,980,850	3,996,960	-	2,983,890
U.S. Government Money Market Mutual Fund	169	169	-	-
Amortized Cost:				
STAR Ohio	13,591,129	13,591,129	-	-
Total	$ 31,721,679	$ 22,773,975	$ 2,976,924	$ 5,970,780

The weighted average maturity of investments is 0.44 years.

The Career Center's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Career Center's investments in federal agency securities (FFCB and FHLMC) and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). As discussed in Note 2.F, investments in STAR Ohio are measured at their net asset value per share.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Career Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Career Center's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAR Ohio and the U.S. Government money market mutual fund are rated AAAm by Standard & Poor's. The negotiable certificates of deposit were fully covered by the FDIC. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

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

Measurement/ Investment type	Measurement Amount	% of Total
Fair Value:		
Negotiable CDs	$ 8,162,641	25.73
FFCB	2,986,890	9.42
FHLMC	6,980,850	22.01
U.S. Government Money Market Mutual Funds	169	-
Amortized Cost:		
STAR Ohio	13,591,129	42.84
Total	$ 31,721,679	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Cash and investments per note	
Carrying amount of deposits	$ 1,189,846
Investments	31,721,679
Cash on hand	425
Total	$ 32,911,950
Cash and investments per statement of net position	
Governmental activities	$ 32,802,734
Private-purpose trust fund	17,099
Agency funds	92,117
Total	$ 32,911,950

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund loans receivable/payable consisted of the following at June 30, 2017, as reported on the fund financial statements:

Receivable fund	Payable funds	Amount
General	Nonmajor governmental	$ 130,715

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

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2017 are reported on the statement of net position.

B. Loans between governmental funds and agency funds are reported as loans receivable/payable on the financial statements. The Career Center had the following loan outstanding at June 30, 2017:

Receivable fund	Payable fund	Amount
General	Agency	$ 13,253

This loan is expected to be repaid within one year, as resources become available in the agency fund.

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

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

	Amount
Transfers from general fund to:	
Permanent Improvement	$ 17,000,000
Nonmajor governmental	247,001
Total	$ 17,247,001

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer from the general fund to the permanent improvement fund was made to provide financing to the continuing construction projects at the Career Center. The transfers from the general fund to the nonmajor governments fund were primarily to support food service and adult education programs.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

All transfers during fiscal year 2017 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

NOTE 6 - PROPERTY TAXES - (Continued)

The Career Center receives property taxes from Delaware, Franklin, Morrow, Union, and Marion Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was $2,160,935 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was $2,809,851 in the general fund and $394,391 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2017 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 5,310,334,390	95.15	$ 5,459,392,700	94.46
Public utility personal	270,449,580	4.85	320,039,620	5.54
Total	$ 5,580,783,970	100.00	$ 5,779,432,320	100.00
Tax rate per $1,000 of assessed valuation	$ 3.20		$ 3.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2017 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

NOTE 7 – RECEIVABLES - (Continued)

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

Governmental activities:	
Property taxes	$ 7,906,276
Accounts	104,237
Accrued interest	27,515
Intergovernmental	222,751
Total	$ 8,260,779

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

NOTE 8 - CAPITAL ASSETS

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

	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 542,956	$ -	$ -	$ 542,956
Construction in progress	1,345,413	12,183,100	-	13,528,513
Total capital assets, not being depreciated	1,888,369	12,183,100	-	14,071,469
Capital assets, being depreciated:				
Land improvements	1,524,965	-	-	1,524,965
Buildings and improvements	18,052,245	-	-	18,052,245
Furniture and equipment	4,640,475	242,771	(21,258)	4,861,988
Vehicles	220,335	-	-	220,335
Total capital assets, being depreciated	24,438,020	242,771	(21,258)	24,659,533
Less: accumulated depreciation:				
Land improvements	(1,127,557)	(48,451)	-	(1,176,008)
Buildings and improvements	(4,233,916)	(373,826)	-	(4,607,742)
Furniture and equipment	(2,971,984)	(279,730)	20,391	(3,231,323)
Vehicles	(210,867)	(2,925)	-	(213,792)
Total accumulated depreciation	(8,544,324)	(704,932)	20,391	(9,228,865)
Governmental activities capital assets, net	$ 17,782,065	$ 11,720,939	$ (867)	$ 29,502,137

NOTE 8 - CAPITAL ASSETS - (Continued)

The construction in progress at June 30, 2017 represent costs incurred to add on to and renovate the existing South Campus as the Career Center consolidates its two campuses into one location. The total estimated cost of the project is anticipated to be $45 million.

Depreciation expense was charged to governmental activities as follows:

Instruction:		
Regular	$	50,410
Vocational		422,566
Adult/continuing		14,086
Support services:		
Pupil		6,018
Instructional staff		10,991
Board of education		3,691
Administration		27,440
Fiscal		340
Operations and maintenance		119,994
Central		7,718
Other non-instructional services		16,343
Food service operations		25,335
Total depreciation expense	$	704,932

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2016, the Career Center entered into a capitalized lease for copier equipment. These lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets consisting of copier equipment have been capitalized in the amount of $254,268. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2017 for this equipment was $182,489, leaving a current book value of $71,779. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2017 totaled $19,097 paid by the general fund.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE – (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2017:

Fiscal Year Ending June 30,	Amount
2018	$ 22,992
2019	22,980
2020	22,980
2021	13,405
Total minimum lease payments	82,357
Less: amount representing interest	(6,440)
Total	$ 75,917

NOTE 10 - LONG-TERM OBLIGATIONS

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

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017	Amounts Due in One Year
Governmental activities:					
Compensated absences	$ 956,795	$ 137,166	$ (179,494)	$ 914,467	$ 105,329
Capital lease obligations	95,014	-	(19,097)	75,917	19,971
Net pension liability:					
STRS	14,527,290	1,877,359	-	16,404,649	-
SERS	4,557,899	1,509,711	-	6,067,610	-
Total net pension liability	19,085,189	3,387,070	-	22,472,259	-
Total governmental activities long-term obligations	$ 20,136,998	$ 3,524,236	$ (198,591)	$ 23,462,643	$ 125,300

Compensated Absences: The compensated absences will be paid from the fund from which the employee is paid, which for the Career Center is primarily the general fund, the adult education fund (a nonmajor governmental fund), and the vocational education fund (a nonmajor governmental fund).

Capital Lease Obligations: See Note 9 for information on the Career Center's capital lease obligations.

Net Pension Liability: See Note 12 for information on the Career Center's net pension liability. The Career Center pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of $520,148,909 and an unvoted debt margin of $5,779,432.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

For fiscal year 2017, the Career Center participated in the Ohio School Plan (the "Plan"), an insurance purchasing pool (Note 2.A). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the Career Center obtained the following insurance coverage:

Coverage provided by Ohio School Plan is as follows:

Automobile Liability	$ 2,000,000
General School Career Center Liability	
Per Occurrence	3,000,000
Total Per Year	5,000,000
Buildings and Contents	44,587,437

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

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation Plan

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP"), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. Participants in the GRP are placed on tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, assistance with safety programs, and actuarial services to the GRP.

C. Medical and Prescription Drug Benefits

The Career Center offers medical and prescription drug benefits to employees on a self-insurance basis. The employees share the cost of the monthly premium with the Board of Education. The premium varies with each employee depending on marital and family status.

All funds of the Career Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of $123,121 reported in the basic financial statements at June 30, 2017, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activities for the current and prior year are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2017	$ 122,663	$ 950,071	$ (949,613)	$ 123,121
2016	$ -	$ 927,766	$ (805,103)	$ 122,663

D. Dental, Vision, and Life Benefits

Dental, vision, and life insurance are provided to employees on a fully insured basis. The Career Center purchases these coverages from insurance carriers and employees share the cost of the monthly premium with the Board of Education.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

The Ohio Revised Code limits the Career Center's obligation for this liability to annually required payments. The Career Center cannot control benefit terms or the manner in which pensions are financed; however, the Career 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 *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description –Career 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the entire 14 percent was allocated to pension, death benefits, and Medicare B and no portion of the employer contribution rate was allocated to the Health Care Fund.

The Career Center's contractually required contribution to SERS was $379,403 for fiscal year 2017. Of this amount, $8,526 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Career Center’s contractually required contribution to STRS was $797,562 for fiscal year 2017. Of this amount, $69,374 is reported as pension and postemployment benefits payable.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.07987770%	0.05256450%	
Proportion of the net pension liability current measurement date	0.08290130%	0.04900858%	
Change in proportionate share	0.00302360%	(0.00355592)%	
Proportionate share of the net pension liability	$ 6,067,610	$ 16,404,649	$ 22,472,259
Pension expense	$ 541,838	$ 955,987	$ 1,497,825

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 81,840	$ 662,828	$ 744,668
Net difference between projected and actual earnings on pension plan investments	500,489	1,362,025	1,862,514
Changes of assumptions	405,046	-	405,046
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	128,717	-	128,717
Career Center contributions subsequent to the measurement date	379,403	797,562	1,176,965
Total deferred outflows of resources	$1,495,495	$2,822,415	$4,317,910
Deferred inflows of resources			
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	$ 195,140	$ 892,339	$1,087,479

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

$1,176,965 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	$ 202,784	$ 90,362	$ 293,146
2019	202,426	90,362	292,788
2020	371,872	613,010	984,882
2021	143,870	338,780	482,650
Total	$ 920,952	$ 1,132,514	$ 2,053,466

Actuarial Assumptions - SERS

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 Career 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%)
Career Center's proportionate share of the net pension liability	$ 8,033,138	$ 6,067,610	$ 4,422,382

Actuarial Assumptions - STRS

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Career 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 Career 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%)
Career Center's proportionate share of the net pension liability	$ 21,800,446	$ 16,404,649	$ 11,852,977

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Career Center's NPL is expected to be significant.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2017, none of the employer contribution was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2017, this amount was \$23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the Career Center's surcharge obligation was \$8,766.

The Career Center's contributions for health care (including surcharge) for the fiscal years ended June 30, 2017, 2016, and 2015 were \$8,766, \$4,290, and \$24,899, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

NOTE 13 - POSTEMPLOYMENT BENEFITS – (Continued)

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. None of the Career Center's contributions were allocated to fund health care for the fiscal years ended June 30, 2017, 2016 and 2015.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

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

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

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

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

Net Change in Fund Balance

	General fund
Budget basis	$ (14,499,530)
Net adjustment for revenue accruals	(789,124)
Net adjustment for expenditure accruals	(199,237)
Net adjustment for other sources/uses	(135,099)
Funds budgeted elsewhere	(21,756)
Adjustment for encumbrances	340,323
GAAP basis	$ (15,304,423)

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. These include the uniform school supplies fund, rotary fund, public school support fund, rotary fund, wellness fund, and Pell grant fund.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The Career Center is involved in no material litigation as either plaintiff or defendant.

NOTE 15 – CONTINGENCIES – (Continued)

C. School Foundation

The Career 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 of the date of this report, additional ODE adjustments for fiscal year 2017 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2017 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Career Center.

NOTE 16 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2016	$ -
Current year set-aside requirement	128,978
Current year offsets	(128,978)
Total	$ -
Balance carried forward to fiscal year 2018	$ -
Set-aside balance June 30, 2017	$ -

NOTE 17 - COMMITMENTS

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

NOTE 17 – COMMITMENTS – (Continued)

Fund	Year End Encumbrances
General	$ 185,389
Permanent improvement	6,643,446
Nonmajor governmental funds	21,372
Total	$ 6,850,207

NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments have entered into property tax abatement agreements with property owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program within taxing districts of the Career Center. The EZAs and CRA program are direct incentive tax exemption programs benefiting property owners who renovate existing buildings or construct new buildings. Under these programs, the other governments have designated areas to encourage revitalization of the existing structures and the development of new structures.

The Career Center has incurred a reduction in property tax receipts due to agreements entered into by other governments. During fiscal year 2017, the Career Center's property tax receipts were reduced under agreements entered into by other governments as follows:

Government Entering Into Agreement	Tax Abatement Program CRA	Tax Abatement Program Ezone	Career Center Foregone Taxes
Delaware County	$ 5,212	$ -	$ 5,212
City of Columbus	-	2,346	2,346
City of Westerville	53,161	-	53,161
City of Delaware	19,793	668	20,461
Liberty Township/ Delaware County	73,515	-	73,515
Liberty Township/ Berlin Township/ Delaware County	536	-	536
City of Sunbury/ Delaware County	-	219	219
Total	$ 152,217	$ 3,233	$ 155,450

The Career Center is not receiving any amounts from these other governments in association with the forgone property tax receipts.

NOTE 19 - SUBSEQUENT EVENTS

The Career Center submitted the necessary resolutions to the Delaware County Board of Elections to place a 10 year renewal levy of a 1.7 mill tax on the ballots in November 2015. The levy was not implemented due to an error at the Delaware County Board of Elections in which the levy did not appear on the ballots of the four counties (Franklin, Marion, Morrow, and Union) outside Delaware County that the Career Center serves.

Effective June 28, 2017, special legislation provided authority for the Board to adopt a resolution declaring the question of the Renewal Levy to the non-dominant counties not originally voted. In November 2017 with the combined results of the 2015 and 2017 levy elections, the renewal levy passed.

On July 21, 2017, to validate securities that would generate funds necessary to pay immediate costs related to a campus consolidation project that had been initiated in reliance upon the proceeds of the 2015 levy, the Career Center filed a validation action, pursuant to ORC 133.70(B)(2). On August 18, 2017 the Delaware County Court of Common Pleas held a hearing in which the validation of securities not to exceed $15,000,000 was approved.

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	**2016**	**2015**	**2014**
Career Center's proportion of the net pension liability	0.08290130%	0.07987770%	0.08735400%	0.08735400%
Career Center's proportionate share of the net pension liability	$ 6,067,610	$ 4,557,899	$ 4,420,936	$ 5,194,662
Career Center's covered-employee payroll	$ 2,578,693	$ 2,404,734	$ 2,538,341	$ 2,447,572
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	235.30%	189.54%	174.17%	212.24%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

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

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

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2017	2016	2015	2014
Career Center's proportion of the net pension liability	0.04900858%	0.05256450%	0.05301210%	0.05301210%
Career Center's proportionate share of the net pension liability	$ 16,404,649	$ 14,527,290	$ 12,894,377	$ 15,359,698
Career Center's covered-employee payroll	$ 5,159,650	$ 5,377,164	$ 5,416,369	$ 5,601,123
Career Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	317.94%	270.17%	238.06%	274.23%
Plan fiduciary net position as a percentage of the total pension liability	66.80%	72.10%	74.70%	69.30%

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

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

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 379,403	$ 361,017	$ 316,944	$ 351,814
Contributions in relation to the contractually required contribution	(379,403)	(361,017)	(316,944)	(351,814)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 2,710,021	$ 2,578,693	$ 2,404,734	$ 2,538,341
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	13.18%	13.86%

2013		2012		2011		2010		2009		2008	
$	338,744	$	312,101	$	308,392	$	387,349	$	274,471	$	257,252
	(338,744)		(312,101)		(308,392)		(387,349)		(274,471)		(257,252)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,447,572	$	2,320,454	$	2,453,397	$	2,860,775	$	2,789,339	$	2,619,674
	13.84%		13.45%		12.57%		13.54%		9.84%		9.82%

DELAWARE AREA CAREER CENTER
DELAWARE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2017	2016	2015	2014
Contractually required contribution	$ 797,562	$ 722,351	$ 752,803	$ 704,128
Contributions in relation to the contractually required contribution	(797,562)	(722,351)	(752,803)	(704,128)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Career Center's covered-employee payroll	$ 5,696,871	$ 5,159,650	$ 5,377,164	$ 5,416,369
Contributions as a percentage of covered-employee payroll	14.00%	14.00%	14.00%	13.00%

2013		2012		2011		2010		2009		2008	
$	728,146	$	748,418	$	776,918	$	762,679	$	756,320	$	755,804
	(728,146)		(748,418)		(776,918)		(762,679)		(756,320)		(755,804)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,601,123	$	5,757,062	$	5,976,292	$	5,866,762	$	5,817,846	$	5,813,877
	13.00%		13.00%		13.00%		13.00%		13.00%		13.00%

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

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

Delaware Area Career Center
Delaware County
4565 Columbus Pike
Delaware, Ohio 43015

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 Delaware Area Career Center, Delaware County, (the Career Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 8, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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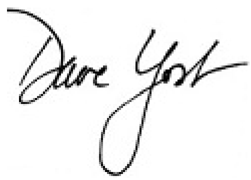
Purpose of this Report

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 Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 8, 2017

Dave Yost • Auditor of State

DELAWARE AREA CAREER CENTER

DELAWARE 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
DECEMBER 26, 2017

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