

**TRUMBULL CAREER
AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2017**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Trumbull Career and Technical Center
528 Educational Highway
Warren, Ohio 44483

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

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 19, 2018

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**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-18
Statement of Net Position	19
Statement of Activities	20-21
Balance Sheet - Governmental Funds	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	26
Statement of Net Position - Proprietary Funds	27
Statement of Revenues, Expenditures and Changes in Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Statement of Fiduciary Net Position - Fiduciary Funds	30
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	31
Notes to the Basic Financial Statements	33-69
Required Supplementary Information:	
Schedules of the Center's Proportionate Share of the Net Pension Liability - School Employees Retirement System (SERS) of Ohio - Last Four Fiscal Years	72
State Teachers Retirement System (STRS) of Ohio - Last Four Fiscal Years	73
Schedule of Center Contributions - School Employees Retirement System (SERS) of Ohio - Last Ten Fiscal Years	74-75
State Teachers Retirement System (STRS) of Ohio - Last Ten Fiscal Years	76-77
Notes to Required Supplementary Information	78
Schedule of Expenditures of Federal Awards	79
Notes to the Supplemental Schedule of Expenditures of Federal Awards	80
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	81-82
Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	83-84
Schedule of Findings and Questioned Costs	85
Schedule of Prior Audit Findings and Recommendations	86

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JAMES G. ZUPKA, C.P.A., INC.

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INDEPENDENT AUDITOR'S REPORT

To the Members of Board of Education
Trumbull Career and Technical Center
Warren, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center, Trumbull County, Ohio, (the Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension Liabilities and Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 6, 2017

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**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for fiscal year 2017 are as follows:

- In total, net position increased \$947,212. Net position of governmental activities increased \$947,054, which represents a 11.00% increase from 2016. Net position of business-type activities increased \$158 from 2016.
- General revenues of the governmental activities accounted for \$11,525,284 in revenue or 67.67% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$5,507,206 or 32.33% for total revenues of \$17,032,490.
- The Center had \$15,969,808 in expenses related to governmental activities; only \$5,507,206 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 \$11,525,284 were adequate to provide for these programs.
- The Center had \$1,183,699 in expenses related to business-type activities; \$1,041,865 of these expenses were offset by program specific charges for services and grants and contributions. General revenues supporting business-type activities of \$26,364 and transfers of \$115,628 were adequate to support these programs.
- The Center's major governmental fund is the general fund. The general fund had \$15,462,256 in revenues and \$14,305,052 in expenditures and other financing uses. The general fund's fund balance increased \$1,157,204 from \$8,729,000 to \$9,886,204.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 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 Center's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the Center as a whole, the *financial position* of the Center has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

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

Governmental Activities - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, food service operations and dental and vision self-insurance.

Business-Type Activities - These services are provided on charges for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Center's adult education program is reported as business activities.

The Center's statement of net position and statement of activities can be found on pages 19-21 of this report.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental fund begins on page 14. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental fund is the general fund.

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 22-26 of this report.

Proprietary Funds

The Center maintains proprietary funds. The Center maintains one enterprise fund that accounts for the Center's adult education operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center's internal service fund accounts for self-insurance of the Center's dental and vision benefits. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

Reporting the Center's Fiduciary Responsibilities

The Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The 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 two agency funds. All of the Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 30 and 31. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

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 33-69 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 Center's net pension liability. The required supplementary information can be found on pages 72-78 of this report.

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**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

The Center as a Whole

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

	Net Position					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>						
Current assets	\$ 20,295,528	\$ 18,469,691	\$ 45,831	\$ 45,846	\$ 20,341,359	\$ 18,515,537
Capital assets, net	<u>8,161,002</u>	<u>8,267,896</u>	<u>48,515</u>	<u>71,070</u>	<u>8,209,517</u>	<u>8,338,966</u>
Total assets	<u>28,456,530</u>	<u>26,737,587</u>	<u>94,346</u>	<u>116,916</u>	<u>28,550,876</u>	<u>26,854,503</u>
<u>Deferred outflows of resources</u>						
Pension	<u>4,510,942</u>	<u>2,044,566</u>	<u>317,916</u>	<u>132,232</u>	<u>4,828,858</u>	<u>2,176,798</u>
<u>Liabilities</u>						
Current liabilities	1,890,922	1,591,636	23,460	25,240	1,914,382	1,616,876
Long-term liabilities:						
Due within one year	549,356	508,136	22,248	19,197	571,604	527,333
Net pension liability	25,273,207	21,273,578	1,629,182	1,380,304	26,902,389	22,653,882
Other amounts	<u>5,833,277</u>	<u>5,950,348</u>	<u>26,304</u>	<u>48,208</u>	<u>5,859,581</u>	<u>5,998,556</u>
Total liabilities	<u>33,546,762</u>	<u>29,323,698</u>	<u>1,701,194</u>	<u>1,472,949</u>	<u>35,247,956</u>	<u>30,796,647</u>
<u>Deferred inflows of resources</u>						
Property taxes	6,209,387	6,064,375	-	-	6,209,387	6,064,375
Pension	<u>876,690</u>	<u>2,006,501</u>	<u>62,514</u>	<u>127,803</u>	<u>939,204</u>	<u>2,134,304</u>
Total deferred inflows of resources	<u>7,086,077</u>	<u>8,070,876</u>	<u>62,514</u>	<u>127,803</u>	<u>7,148,591</u>	<u>8,198,679</u>
<u>Net Position</u>						
Net investment in capital assets	3,628,148	3,504,670	48,515	71,070	3,676,663	3,575,740
Restricted	157,297	149,906	-	-	157,297	149,906
Unrestricted (deficit)	<u>(11,450,812)</u>	<u>(12,266,997)</u>	<u>(1,399,961)</u>	<u>(1,422,674)</u>	<u>(12,850,773)</u>	<u>(13,689,671)</u>
Total net position	<u>\$ (7,665,367)</u>	<u>\$ (8,612,421)</u>	<u>\$ (1,351,446)</u>	<u>\$ (1,351,604)</u>	<u>\$ (9,016,813)</u>	<u>\$ (9,964,025)</u>

The Center has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

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 Center's proportionate share of each plan's collective:

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

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

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

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

As a result of implementing GASB 68, the Center is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Governmental activities assets increased \$1,718,943 or 6.43% from June 30, 2016. The most significant increases occurred in the areas of equity in pooled cash and investments which increased \$1,550,000 compared to June 30, 2016. This increase is the result of larger property tax collections compared to the previous year due to a full year of collections from Howland Local School District.

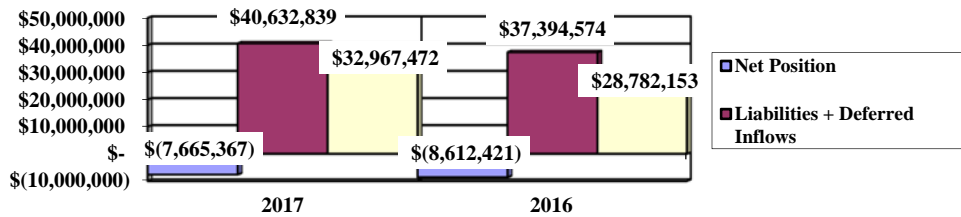
**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

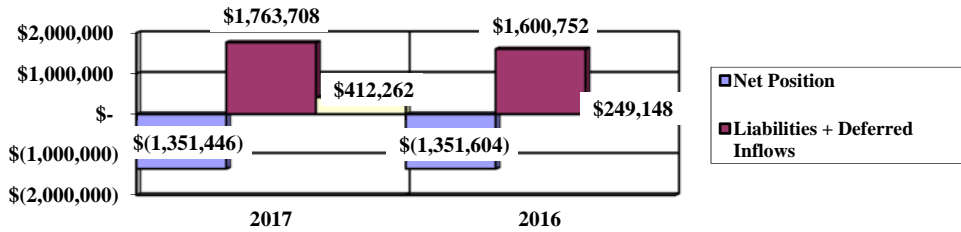
The Center's net pension liability for governmental activities increased roughly \$4 million; however, this increase was offset by an increase to deferred outflows of resources related to pension of \$2.5 million and a decrease to deferred inflows of resources related to pensions of about \$1.1 million. These factors are outside of the control of the Center and are provided by the two pension systems the Center's employees belong to. The Center contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to Center employees, not the Center.

The graphs below present the Center's governmental and business-type assets, liabilities, deferred inflows of resources and net position at June 30, 2017 and June 30, 2016.

Governmental - Net Position



Business-Type - Net Position



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

Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services and sales	\$ 948,320	\$ 915,133	\$ 763,517	\$ 737,933	\$ 1,711,837	\$ 1,653,066
Operating grants and contributions	4,558,886	5,015,234	278,348	323,996	4,837,234	5,339,230
General revenues:						
Property taxes	6,302,925	5,664,042	-	-	6,302,925	5,664,042
Grants and entitlements	5,059,891	5,035,698	-	-	5,059,891	5,035,698
Investment earnings	44,225	106,569	-	-	44,225	106,569
Other	118,243	124,405	26,364	27,886	144,607	152,291
Total revenues	17,032,490	16,861,081	1,068,229	1,089,815	18,100,719	17,950,896

(Continued)

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

Change in Net Position (Continued)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Expenses						
Program expenses:						
Instruction:						
Regular	\$ 3,097,175	\$ 2,897,989	\$ -	\$ -	\$ 3,097,175	\$ 2,897,989
Special	940,855	868,167	-	-	940,855	868,167
Vocational	4,622,364	4,826,634	-	-	4,622,364	4,826,634
Adult/continuing	418,350	401,290	-	-	418,350	401,290
Support services:						
Pupil	1,263,282	1,168,333	-	-	1,263,282	1,168,333
Instructional staff	239,859	165,038	-	-	239,859	165,038
Board of education	51,920	51,502	-	-	51,920	51,502
Administration	2,151,413	1,942,761	-	-	2,151,413	1,942,761
Fiscal	701,822	595,075	-	-	701,822	595,075
Business	24,278	15,175	-	-	24,278	15,175
Operations and maintenance	1,260,718	1,183,148	-	-	1,260,718	1,183,148
Pupil transportation	47,785	44,519	-	-	47,785	44,519
Central	382,365	100,756	-	-	382,365	100,756
Operation of non-instructional services:						
Other non-instructional services	-	520	-	-	-	520
Food service operations	406,059	409,684	-	-	406,059	409,684
Extracurricular activities	129,342	128,345	-	-	129,342	128,345
Interest and fiscal charges	232,221	247,260	-	-	232,221	247,260
Adult education	-	-	1,183,699	801,716	1,183,699	801,716
Total expenses	15,969,808	15,046,196	1,183,699	801,716	17,153,507	15,847,912
Increase (decrease) before transfers	1,062,682	1,814,885	(115,470)	288,099	947,212	2,102,984
Transfers	(115,628)	(207,651)	115,628	207,651	-	-
Changes in net position	947,054	1,607,234	158	495,750	947,212	2,102,984
Net position (deficit) at beginning of year	(8,612,421)	(10,219,655)	(1,351,604)	(1,847,354)	(9,964,025)	(12,067,009)
Net position (deficit) at end of year	\$ (7,665,367)	\$ (8,612,421)	\$ (1,351,446)	\$ (1,351,604)	\$ (9,016,813)	\$ (9,964,025)

Governmental Activities

Net position of the Center's governmental activities increased \$947,054. Total governmental expenses of \$15,969,808 were offset by program revenues of \$5,507,206 and general revenues of \$11,525,284. Program revenues supported 34.49% of the total governmental expenses.

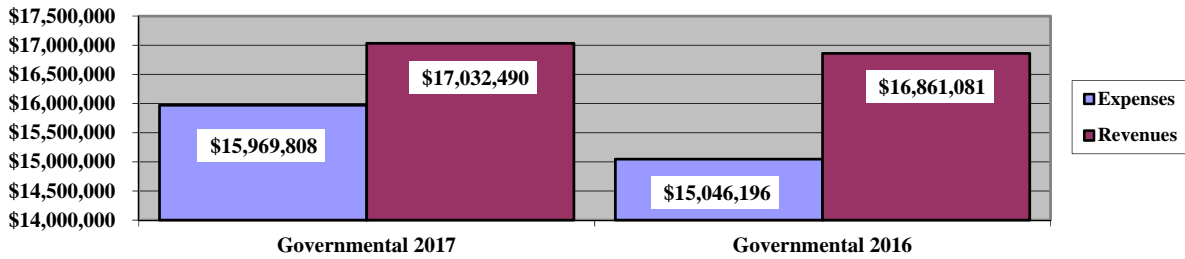
**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 66.72% of total governmental revenue. Real estate property is reappraised every six years. Property tax revenues increased \$638,883 due to an increase in assessed property tax values and the addition of Howland Local School District values to its tax base. Operating grants and contributions decreased due to a decrease in special education and career tech foundation funding and federal vocational education funding.

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

Governmental Activities - Revenues and Expenses



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

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**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

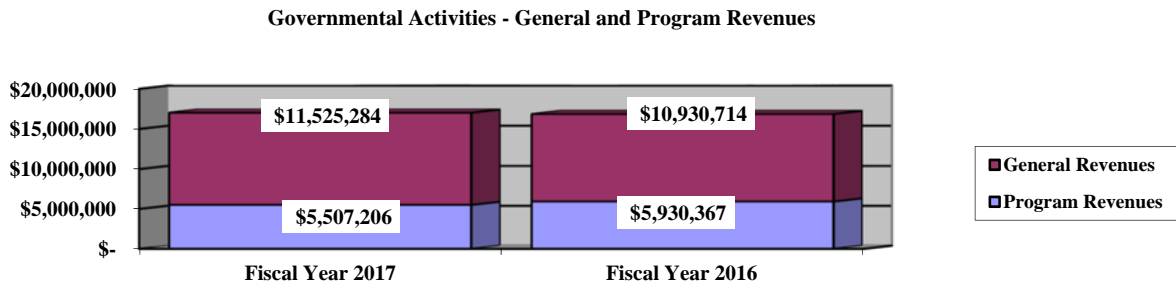
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Governmental Activities

	Total Cost of Services <u>2017</u>	Net Cost of Services <u>2017</u>	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>
Program expenses:				
Instruction:				
Regular	\$ 3,097,175	\$ 3,095,375	\$ 2,897,989	\$ 2,897,989
Special	940,855	940,855	868,167	868,167
Vocational	4,622,364	418,788	4,826,634	100,353
Adult/continuing	418,350	175,047	401,290	155,456
Support services:				
Pupil	1,263,282	1,173,547	1,168,333	1,038,680
Instructional staff	239,859	204,014	165,038	124,398
Board of education	51,920	51,920	51,502	51,502
Administration	2,151,413	2,074,394	1,942,761	1,846,026
Fiscal	701,822	701,822	595,075	595,075
Business	24,278	24,278	15,175	15,175
Operations and maintenance	1,260,718	1,103,555	1,183,148	973,658
Pupil transportation	47,785	47,785	44,519	44,519
Central	382,365	99,966	100,756	65,519
Operation of non-instructional services:				
Other non-instructional services	-	-	520	520
Food service operations	406,059	(10,307)	409,684	(36,813)
Extracurricular activities	129,342	129,342	128,345	128,345
Interest and fiscal charges	<u>232,221</u>	<u>232,221</u>	<u>247,260</u>	<u>247,260</u>
Total expenses	<u>\$ 15,969,808</u>	<u>\$ 10,462,602</u>	<u>\$ 15,046,196</u>	<u>\$ 9,115,829</u>

The dependence upon tax revenues and grants and entitlements during fiscal year 2017 for governmental activities is apparent, as 51.00% of 2017 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 65.51% in 2017. The Center's taxpayers and unrestricted grants and entitlements are by far the primary support for Center's students.

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



Business-Type Activities

The Center's business-type activities consist of the adult education program. This program had revenues of \$1,068,229, expenses of \$1,183,699 and transfers in of \$115,628 for fiscal year 2017. The increase in expense was the result of costs associated with the Center's net pension liability and related deferred inflows/outflows. The Center's business activities receive no support from tax revenues.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

The Center's Funds

The Center's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$10,749,259 which is \$1,262,588 higher than last year's total of \$9,486,671. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2017 and 2016.

	<u>Fund Balance June 30, 2017</u>	<u>Fund Balance June 30, 2016</u>	<u>Change</u>
General	\$ 9,886,204	\$ 8,729,000	\$ 1,157,204
Other Governmental	<u>863,055</u>	<u>757,671</u>	<u>105,384</u>
Total	<u>\$ 10,749,259</u>	<u>\$ 9,486,671</u>	<u>\$ 1,262,588</u>

General Fund

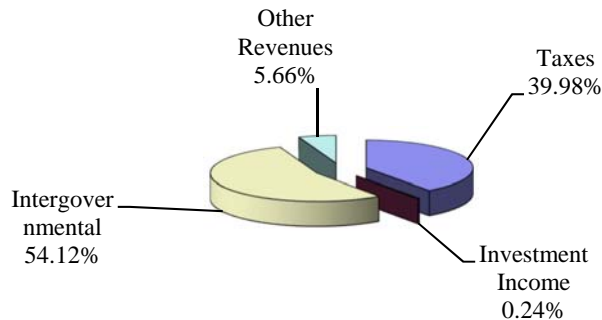
The Center's general fund's fund balance increased by \$1,157,204. As described below, the Center's increase in general fund revenues exceeded expenditures which allowed the general fund to transfer out \$415,628 to various other funds during fiscal year 2017.

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

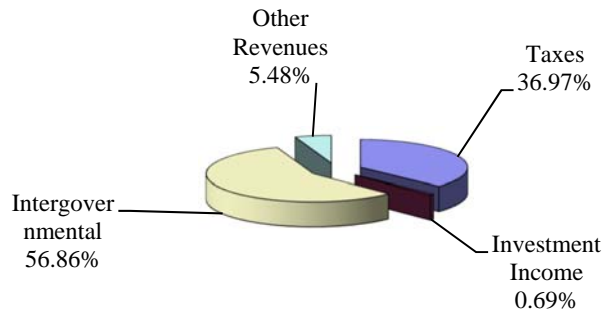
	<u>2017 Amount</u>	<u>2016 Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 6,182,365	\$ 5,618,217	\$ 564,148	10.04 %
Earnings on investments	37,656	104,644	(66,988)	(64.02) %
Intergovernmental	8,367,608	8,642,525	(274,917)	(3.18) %
Other revenues	<u>874,627</u>	<u>832,806</u>	<u>41,821</u>	5.02 %
Total	<u>\$ 15,462,256</u>	<u>\$ 15,198,192</u>	<u>\$ 264,064</u>	1.74 %

Revenues of the general fund increased \$264,064 or 1.74%. Property taxes increased \$564,148 due to higher assessed property tax values through the addition of Howland Local School District land area. Intergovernmental revenues decreased \$274,917 or 3.18%. This increase is due mainly to a decrease in special education and career tech funding from the State. Earnings on investments decreased \$66,988 due primarily to fair values of investments coming in lower than cost.

Revenues - Fiscal Year 2017



Revenues - Fiscal Year 2016



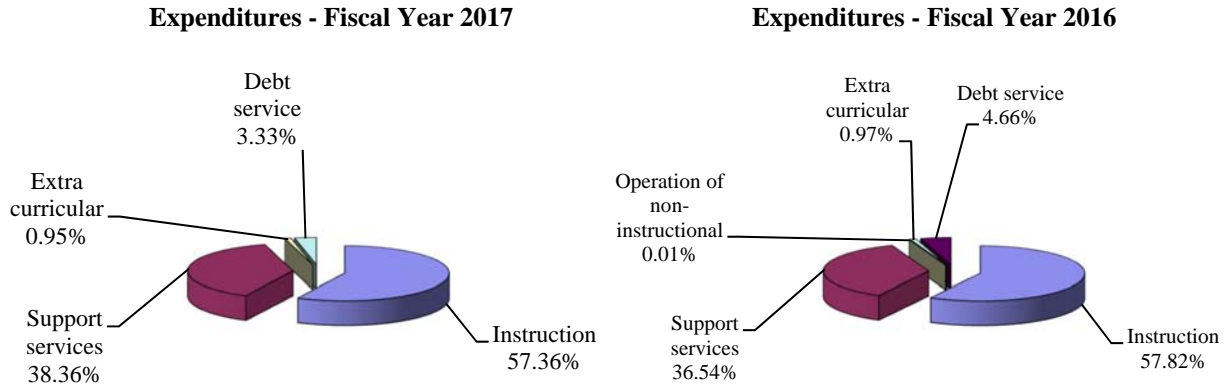
**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

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

<u>Expenditures</u>	<u>2017</u> <u>Amount</u>	<u>2016</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
Instruction	\$ 7,965,860	\$ 7,554,178	\$ 411,682	5.45 %
Support services	5,328,592	4,773,578	555,014	11.63 %
Operation of non-instructional services	-	520	(520)	(100.00) %
Extracurricular activities	132,379	126,645	5,734	4.53 %
Debt service	<u>462,593</u>	<u>608,391</u>	<u>(145,798)</u>	<u>(23.96) %</u>
Total	<u>\$ 13,889,424</u>	<u>\$ 13,063,312</u>	<u>\$ 826,112</u>	<u>6.32 %</u>

Expenditures of the general fund increased \$826,112 or 6.32%. The most significant increases were in the areas of instruction and support services. These increases were the result of increased spending in for wages and benefits of employees.



General Fund Budgeting Highlights

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

During the course of fiscal year 2017 the Center amended its general fund budget numerous times. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$15,685,537, which was higher than original budget estimates of \$15,587,526. Actual budget basis revenues and other financing sources of \$15,685,536 were the same as the final budget.

General fund original appropriations (expenditures plus other financing uses) of \$14,601,713 were decreased to \$14,337,646 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2017 totaled \$14,394,136, which was \$56,490 more than the final budget appropriations.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

Capital Assets and Debt Administration

Capital Assets

At June 30, 2017, the Center had \$8,209,517 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$8,161,002 was reported in governmental activities and \$48,515 was reported in business-type activities.

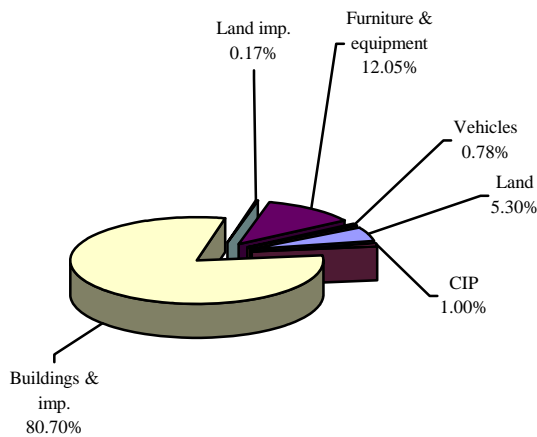
The following table shows June 30, 2017 balances compared to June 30, 2016:

**Capital Assets at June 30
(Net of Depreciation)**

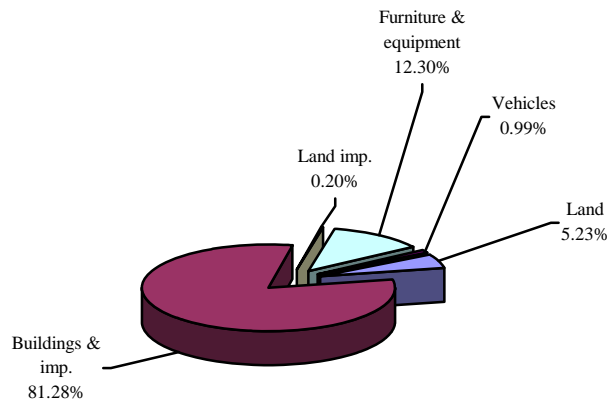
	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 432,770	\$ 432,770	\$ -	\$ -	\$ 432,770	\$ 432,770
Construction-in-progress	81,922	-	-	-	81,922	-
Land improvements	14,042	16,431	-	-	14,042	16,431
Building and improvements	6,584,659	6,720,225	-	-	6,584,659	6,720,225
Furniture and equipment	983,735	1,016,609	48,515	71,070	1,032,250	1,087,679
Vehicles	63,874	81,861	-	-	63,874	81,861
Total	\$ 8,161,002	\$ 8,267,896	\$ 48,515	\$ 71,070	\$ 8,209,517	\$ 8,338,966

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

**Capital Assets - Governmental Activities
2017**



**Capital Assets - Governmental Activities
2016**



See Note 8 to the basic financial statements for additional information on the Center's capital assets.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

Debt Administration

At June 30, 2017, the Center had an outstanding lease purchase agreement and capital lease of \$4,532,854. Of the balance, \$240,619 is due within one year and \$4,292,235 is due in more than one year.

The following table shows the June 30, 2017 balance compared to June 30, 2016:

Outstanding Debt, at Year End

	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Capital Lease	\$ 54,854	\$ 79,226
OASBO Lease Purchase Agreement	<u>4,478,000</u>	<u>4,684,000</u>
Total	<u>\$ 4,532,854</u>	<u>\$ 4,763,226</u>

At June 30, 2017, the Center's overall legal debt margin was \$292,438,298 with an unvoted debt margin of \$3,249,314.

See Note 10 to the basic financial statements for additional information on the Center's debt administration.

Current Financial Related Activity

Overall the Center is strong financially. The Center relies heavily upon grants, State foundation and property taxes. The finances are stable for fiscal years 2017 through fiscal year 2021 due to the passage of a 2.4 mill renewal levy that passed in November of 2014 that will expire in January of 2026. The 2.4 mills represent approximately 36.00% of the total revenue the Center receives yearly.

The challenge for the Center's management is to continue to provide the resources necessary to meet student needs and to be able to stay within the five-year forecast. The five-year forecast is utilized by management in order to effectively manage the Center's resources to their fullest.

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. House Bill 59, which was passed in June of 2013, has once again changed the way career centers are funded. The "freeze" for ADM is over and the Center is once again going to be paid for each student based on FTE/ADM, with a 6.5% increase cap in 2014 and a 10.25% cap in additional funding in 2015. During the 2016 fiscal year the Center was on "formula", then the "guarantee" and finally the "cap" for state funding payments. During the 2017 fiscal year, the Center remained on similar state funding payments as the previous year but showed a decrease in actual funding due to a decrease of about 20 students.

In June of 2015, the Career Center accepted a 20th school, Howland Local, to its previous 19 districts. Therefore, additional income from taxes and students was added to the budget starting in January 2016 and received the full tax amount in fiscal year 2017.

All of the Center's financial abilities will be needed to meet the financial challenges of the future.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

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

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Cody Holecko, Treasurer, Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 12,575,177	\$ 8,358	\$ 12,583,535
Receivables:			
Property taxes	7,472,707	-	7,472,707
Accounts	-	6,818	6,818
Accrued interest	26,102	-	26,102
Intergovernmental	157,513	30,728	188,241
Prepayments	54,072	4,639	58,711
Materials and supplies inventory	1,226	-	1,226
Inventory held for resale	4,019	-	4,019
Internal balance	4,712	(4,712)	-
Capital assets:			
Nondepreciable capital assets	514,692	-	514,692
Depreciable capital assets, net	7,646,310	48,515	7,694,825
Capital assets, net	<u>8,161,002</u>	<u>48,515</u>	<u>8,209,517</u>
Total assets	<u>28,456,530</u>	<u>94,346</u>	<u>28,550,876</u>
Deferred outflows of resources:			
Pension - STRS	3,578,626	255,944	3,834,570
Pension - SERS	932,316	61,972	994,288
Total deferred outflows of resources	<u>4,510,942</u>	<u>317,916</u>	<u>4,828,858</u>
Liabilities:			
Accounts payable	162,326	7,570	169,896
Accrued wages and benefits payable	1,399,701	13,140	1,412,841
Intergovernmental payable	118,219	910	119,129
Pension and postemployment benefits payable	193,727	1,840	195,567
Unearned revenue	11,102	-	11,102
Claims payable	5,847	-	5,847
Long-term liabilities:			
Due within one year	549,356	22,248	571,604
Due in more than one year:			
Net pension liability	25,273,207	1,629,182	26,902,389
Other amounts due in more than one year	5,833,277	26,304	5,859,581
Total liabilities	<u>33,546,762</u>	<u>1,701,194</u>	<u>35,247,956</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,209,387	-	6,209,387
Pension - STRS	762,431	21,794	784,225
Pension - SERS	114,259	40,720	154,979
Total deferred inflows of resources	<u>7,086,077</u>	<u>62,514</u>	<u>7,148,591</u>
Net position:			
Net investment in capital assets	3,628,148	48,515	3,676,663
Restricted for:			
State funded programs	9,492	-	9,492
Food service operations	147,805	-	147,805
Unrestricted (deficit)	(11,450,812)	(1,399,961)	(12,850,773)
Total net position	<u>\$ (7,665,367)</u>	<u>\$ (1,351,446)</u>	<u>\$ (9,016,813)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

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

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 3,097,175	\$ -	\$ 1,800
Special	940,855	-	-
Vocational	4,622,364	599,221	3,604,355
Adult/continuing.	418,350	-	243,303
Support services:			
Pupil.	1,263,282	-	89,735
Instructional staff	239,859	-	35,845
Board of education	51,920	-	-
Administration.	2,151,413	-	77,019
Fiscal.	701,822	-	-
Business.	24,278	-	-
Operations and maintenance	1,260,718	157,163	-
Pupil transportation.	47,785	-	-
Central	382,365	-	282,399
Operation of non-instructional services:			
Food service operations	406,059	191,936	224,430
Extracurricular activities.	129,342	-	-
Interest and fiscal charges	232,221	-	-
Total governmental activities	<u>15,969,808</u>	<u>948,320</u>	<u>4,558,886</u>
Business-type activities:			
Adult education	<u>1,183,699</u>	<u>763,517</u>	<u>278,348</u>
Total business-type activities	<u>1,183,699</u>	<u>763,517</u>	<u>278,348</u>
Totals	<u>\$ 17,153,507</u>	<u>\$ 1,711,837</u>	<u>\$ 4,837,234</u>

General revenues:

Property taxes levied for:

 General purposes

 Grants and entitlements not restricted to specific programs

 Investment earnings

 Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (3,095,375)	\$ -	\$ (3,095,375)
(940,855)	-	(940,855)
(418,788)	-	(418,788)
(175,047)	-	(175,047)
(1,173,547)	-	(1,173,547)
(204,014)	-	(204,014)
(51,920)	-	(51,920)
(2,074,394)	-	(2,074,394)
(701,822)	-	(701,822)
(24,278)	-	(24,278)
(1,103,555)	-	(1,103,555)
(47,785)	-	(47,785)
(99,966)	-	(99,966)
10,307	-	10,307
(129,342)	-	(129,342)
(232,221)	-	(232,221)
(10,462,602)	-	(10,462,602)
-	(141,834)	(141,834)
-	(141,834)	(141,834)
(10,462,602)	(141,834)	(10,604,436)
6,302,925	-	6,302,925
5,059,891	-	5,059,891
44,225	-	44,225
118,243	26,364	144,607
11,525,284	26,364	11,551,648
(115,628)	115,628	-
11,409,656	141,992	11,551,648
947,054	158	947,212
(8,612,421)	(1,351,604)	(9,964,025)
\$ (7,665,367)	\$ (1,351,446)	\$ (9,016,813)

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 11,557,758	\$ 927,048	\$ 12,484,806
Receivables:			
Property taxes.	7,472,707	-	7,472,707
Accrued interest	26,102	-	26,102
Interfund loans	18,784	-	18,784
Intergovernmental.	65,666	91,847	157,513
Prepayments.	53,587	485	54,072
Materials and supplies inventory.	-	1,226	1,226
Inventory held for resale.	-	4,019	4,019
Total assets	<u>\$ 19,194,604</u>	<u>\$ 1,024,625</u>	<u>\$ 20,219,229</u>
Liabilities:			
Accounts payable	\$ 130,106	\$ 32,220	\$ 162,326
Accrued wages and benefits payable	1,328,487	71,214	1,399,701
Compensated absences payable	99,710	-	99,710
Intergovernmental payable	117,276	943	118,219
Pension and postemployment benefits payable	184,628	9,099	193,727
Interfund loans payable.	-	10,427	10,427
Total liabilities.	<u>1,860,207</u>	<u>123,903</u>	<u>1,984,110</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year.	6,209,387	-	6,209,387
Delinquent property tax revenue not available.	1,222,577	-	1,222,577
Intergovernmental revenue not available.	-	37,667	37,667
Accrued interest not available.	16,229	-	16,229
Total deferred inflows of resources	<u>7,448,193</u>	<u>37,667</u>	<u>7,485,860</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory.	-	1,226	1,226
Prepayments	53,587	485	54,072
Restricted:			
Adult education	-	2,879	2,879
Food service operations	-	157,075	157,075
Other purposes.	-	9,486	9,486
Committed:			
Capital improvements	-	707,895	707,895
Termination benefits.	107,165	-	107,165
Assigned:			
Student instruction	27,027	-	27,027
Student and staff support.	7,787	-	7,787
Extracurricular activities	1,050	-	1,050
Other non-instructional services	1,000	-	1,000
Other purposes.	270,495	-	270,495
Unassigned (deficit).	9,418,093	(15,991)	9,402,102
Total fund balances	<u>9,886,204</u>	<u>863,055</u>	<u>10,749,259</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 19,194,604</u>	<u>\$ 1,024,625</u>	<u>\$ 20,219,229</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

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

Total governmental fund balances		\$	10,749,259
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			8,161,002
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds.			
Property taxes receivable	\$	1,222,577	
Accrued interest receivable		16,229	
Intergovernmental receivable		37,667	
Total			1,276,473
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			69,777
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		4,510,942	
Deferred inflows of resources - pension		(876,690)	
Net pension liability		(25,273,207)	
Total			(21,638,955)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(54,854)	
Compensated absences		(1,750,069)	
OASBO lease purchase		(4,478,000)	
Total			(6,282,923)
Net position of governmental activities		\$	(7,665,367)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 6,182,365	\$ -	\$ 6,182,365
Tuition	325,142	-	325,142
Earnings on investments	37,656	-	37,656
Charges for services	-	191,936	191,936
Extracurricular	1,624	-	1,624
Classroom materials and fees	127,132	-	127,132
Rental income	157,163	-	157,163
Contributions and donations	460	-	460
Contract services	146,947	-	146,947
Other local revenues	116,159	-	116,159
Intergovernmental - state	8,367,608	211,823	8,579,431
Intergovernmental - federal	-	1,086,438	1,086,438
Total revenues	<u>15,462,256</u>	<u>1,490,197</u>	<u>16,952,453</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,985,763	-	2,985,763
Special	876,642	-	876,642
Vocational	4,103,455	305,998	4,409,453
Adult/continuing	-	251,769	251,769
Support services:			
Pupil	1,100,267	92,982	1,193,249
Instructional staff	187,348	37,004	224,352
Board of education	49,990	-	49,990
Administration	1,938,353	79,753	2,018,106
Fiscal	719,000	-	719,000
Business	24,278	-	24,278
Operations and maintenance	1,198,327	31,349	1,229,676
Pupil transportation	21,530	-	21,530
Central	89,499	292,866	382,365
Operation of non-instructional services:			
Food service operations	-	393,443	393,443
Extracurricular activities	132,379	-	132,379
Facilities acquisition and construction	-	199,649	199,649
Debt service:			
Principal retirement	230,372	-	230,372
Interest and fiscal charges	232,221	-	232,221
Total expenditures	<u>13,889,424</u>	<u>1,684,813</u>	<u>15,574,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,572,832</u>	<u>(194,616)</u>	<u>1,378,216</u>
Other financing sources (uses):			
Transfers in	-	300,000	300,000
Transfers (out)	(415,628)	-	(415,628)
Total other financing sources (uses)	<u>(415,628)</u>	<u>300,000</u>	<u>(115,628)</u>
Net change in fund balances	1,157,204	105,384	1,262,588
Fund balances at beginning of year	<u>8,729,000</u>	<u>757,671</u>	<u>9,486,671</u>
Fund balances at end of year	<u>\$ 9,886,204</u>	<u>\$ 863,055</u>	<u>\$ 10,749,259</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL 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	\$	1,262,588
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 400,838	
Current year depreciation	(461,128)	
Total		(60,290)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(46,604)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	120,560	
Earnings on investments	6,569	
Intergovernmental	(47,092)	
Total		80,037
Repayment of lease purchase and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Lease purchase	206,000	
Capital leases	24,372	
Total		230,372
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		1,229,304
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,632,746)
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.		
		(113,288)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide 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.		
		(2,319)
Change in net position of governmental activities	\$	947,054

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL 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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 6,274,944	\$ 6,327,207	\$ 6,175,602	\$ (151,605)
Tuition.	330,371	333,123	325,141	(7,982)
Earnings on investments	115,354	117,766	110,771	(6,995)
Classroom materials and fees	129,177	130,253	127,132	(3,121)
Rental income	174,163	174,163	174,163	-
Other local revenues	21,207	21,383	20,871	(512)
Intergovernmental - state	8,510,757	8,581,642	8,376,019	(205,623)
Total revenues	<u>15,555,973</u>	<u>15,685,537</u>	<u>15,309,699</u>	<u>(375,838)</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,914,213	2,877,771	2,944,237	(66,466)
Special.	896,427	864,741	871,398	(6,657)
Vocational.	4,227,695	3,986,752	3,954,315	32,437
Support services:				
Pupil.	978,707	953,739	971,714	(17,975)
Instructional staff	156,188	151,593	155,252	(3,659)
Board of education	55,182	53,598	51,767	1,831
Administration.	1,915,102	1,880,181	1,897,236	(17,055)
Fiscal	603,222	655,496	640,001	15,495
Business	15,994	23,064	23,187	(123)
Operations and maintenance.	1,277,658	1,192,245	1,190,446	1,799
Pupil transportation	21,086	22,324	21,530	794
Central.	82,764	84,855	87,126	(2,271)
Other operation of non-instructional services	3,201	1,169	879	290
Extracurricular activities.	120,855	123,678	127,040	(3,362)
Debt service:				
Principal	206,000	206,000	206,000	-
Interest and fiscal charges.	212,419	228,812	228,812	-
Total expenditures	<u>13,686,713</u>	<u>13,306,018</u>	<u>13,370,940</u>	<u>(64,922)</u>
Excess of revenues over expenditures.	<u>1,869,260</u>	<u>2,379,519</u>	<u>1,938,759</u>	<u>(440,760)</u>
Other financing sources (uses):				
Transfers (out).	(585,000)	(701,628)	(701,628)	-
Advances in.	31,553	-	331,553	331,553
Advances (out)	(330,000)	(330,000)	(321,568)	8,432
Proceeds from sale of capital assets.	-	-	44,284	44,284
Total other financing sources (uses)	<u>(883,447)</u>	<u>(1,031,628)</u>	<u>(647,359)</u>	<u>384,269</u>
Net change in fund balance	985,813	1,347,891	1,291,400	(56,491)
Fund balance at beginning of year	9,590,827	9,590,827	9,590,827	-
Prior year encumbrances appropriated	80,636	80,636	80,636	-
Fund balance at end of year	<u><u>\$ 10,657,276</u></u>	<u><u>\$ 11,019,354</u></u>	<u><u>\$ 10,962,863</u></u>	<u><u>\$ (56,491)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Adult Education	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and investments	\$ 8,358	\$ 90,371
Receivables:		
Accounts	6,818	-
Intergovernmental	30,728	-
Prepayments	4,639	-
Total current assets	50,543	90,371
Noncurrent assets:		
Depreciable capital assets, net	48,515	-
Total assets	99,058	90,371
Deferred outflows of resources:		
Pension - STRS	255,944	-
Pension - SERS	61,972	-
Total deferred outflows of resources	317,916	-
Liabilities:		
Accounts payable	7,570	-
Accrued wages and benefits	13,140	-
Compensated absences	22,248	-
Pension and postemployment benefits payable	1,840	-
Interfund loan payable	8,357	-
Intergovernmental payable	910	-
Claims payable	-	5,847
Unearned revenue	-	11,102
Total current liabilities	54,065	16,949
Long-term liabilities:		
Compensated absences payable	26,304	-
Net pension liability	1,629,182	-
Total long-term liabilities	1,655,486	-
Total liabilities	1,709,551	16,949
Deferred inflows of resources:		
Pension - STRS	21,794	-
Pension - SERS	40,720	-
Total deferred inflows of resources	62,514	-
Net position:		
Investment in capital assets	48,515	-
Unrestricted (deficit)	(1,403,606)	73,422
Total net position	(1,355,091)	\$ 73,422
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds	3,645	
Net position of business-type activities	\$ (1,351,446)	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

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

	Adult Education	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition and fees	\$ 763,517	\$ -
Charges for sales and services	-	128,039
Other	26,364	-
Total operating revenues	789,881	128,039
Operating expenses:		
Personal services.	677,575	-
Purchased services.	273,407	15,051
Materials and supplies	176,984	-
Other.	33,071	22,742
Claims	-	92,672
Depreciation	6,542	-
Total operating expenses.	1,167,579	130,465
Operating loss	(377,698)	(2,426)
Nonoperating revenues (expenses):		
Grants and subsidies.	278,348	-
Loss on disposal of capital assets	(16,013)	-
Total nonoperating revenues (expenses)	262,335	-
Loss before transfers	(115,363)	(2,426)
Transfer in	115,628	-
Change in net position	265	(2,426)
Net position at beginning of year	(1,355,356)	75,848
Net position at end of year	\$ (1,355,091)	\$ 73,422
Change in net position	\$ 265	
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.	(107)	
	\$ 158	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

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

	Adult Education	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 740,987	\$ -
Cash received from sales/charges for services.	-	129,836
Cash received from other operations	26,364	-
Cash payments for personal services.	(700,069)	-
Cash payments for contractual services	(268,258)	(15,051)
Cash payments for materials and supplies	(183,171)	-
Cash payments for claims	-	(93,750)
Cash payments for other expenses	(34,421)	(22,742)
Net cash used in operating activities	(418,568)	(1,707)
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies.	278,348	-
Cash received from transfers in	115,628	-
Cash received from interfund loans	8,357	-
Net cash provided by noncapital financing activities.	402,333	-
Net decrease in cash and investments	(16,235)	(1,707)
Cash and investments at beginning of year	24,593	92,078
Cash and investments at end of year	\$ 8,358	\$ 90,371
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (377,698)	\$ (2,426)
Adjustments:		
Depreciation.	6,542	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Accounts receivable.	6,998	-
Intergovernmental receivable.	(29,528)	-
Prepayments	(2,154)	-
Deferred outflows - pension - STRS	(147,158)	-
Deferred outflows - pension - SERS	(38,526)	-
Accounts payable	(2,600)	-
Accrued wages and benefits	696	-
Compensated absences payable.	(18,853)	-
Intergovernmental payable.	26	-
Pension and postemployment benefits payable	98	-
Net pension liability	248,878	-
Deferred inflows - pension - STRS	(91,947)	-
Deferred inflows - pension - SERS	26,658	-
Unearned revenue	-	1,797
Claims payable	-	(1,078)
Net cash used in operating activities.	\$ (418,568)	\$ (1,707)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and investments	\$ 18,472	\$ 116,096
Total assets.	<u>18,472</u>	<u>\$ 116,096</u>
Liabilities:		
Due to students.	-	\$ 116,096
Total liabilities	<u>-</u>	<u>\$ 116,096</u>
Net position:		
Held in trust for scholarships	18,472	
Total net position.	<u>\$ 18,472</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER
TRUMBULL COUNTY, OHIO**

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

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 320
Total additions.	320
 Deductions:	
Scholarships awarded	2,200
Change in net position	(1,880)
Net position at beginning of year.	20,352
Net position at end of year	\$ 18,472

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 1 - DESCRIPTION OF THE CENTER

The Trumbull County Joint Vocational School District was formed on June 30, 1970 and subsequently became the Trumbull Career and Technical Center (the "Center") on July 1, 2000. The Center is a body politic and corporate established under Section 3311.18 of the Ohio Revised Code for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center includes 15 local school districts: Bloomfield-Mespo Local, Bristol Local, Brookfield Local, Champion Local, Joseph Badger Local, LaBrae Local, Lakeview Local, Liberty Local, Lordstown Local, Maplewood Local, Mathews Local, McDonald Local, Southington Local, Weathersfield Local, Howland Local, and one representative each from Warren City, Girard City, Newton Falls Exempted Village, Niles City and Hubbard Exempted Village.

The Center has been supported by a 2.4 mil 10 year renewal operating levy and by funds from the State of Ohio Joint Vocational School Foundation Program.

The Center provides job training leading to employment upon graduation from high school. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

Board Resolution No. 02-63 states that the Center shall operate under a twenty-member Board of Education consisting of 1 member from each member school's board of education and each Board Member shall serve one, two and three year terms and thereafter, successors to these members shall serve for successive two year terms so that no more than five members are appointed each year. The Center provides educational services as authorized and mandated by State or federal agencies. The Center employs 43 non-certified and 98 certified employees to provide services to approximately 920 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the 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 Center's significant accounting policies are described below.

A. Reporting Entity

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

JOINTLY GOVERNED ORGANIZATION

North East Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among twenty-eight school districts and two educational service centers. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members; the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a principal and a treasurer (non-voting members who must be employed by a participating school district, or fiscal agent of NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

PUBLIC ENTITY RISK POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

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

The Executive Director of the OASBO, 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.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Trumbull County Schools Employee Insurance Benefit Consortium Association

The Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium") is a shared risk pool comprised of fifteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

B. Fund Accounting

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

General fund - The general fund is 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.

Other governmental funds of the Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) 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 Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

The following are the Center's proprietary funds:

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Center has one enterprise fund to account for adult education programs. This fund is considered a major enterprise 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 Center, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Center accounts for a self-insurance program which provides vision and dental benefits to employees.

FIDUCIARY FUNDS

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

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 Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Center and for each function or program of the 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 Center. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

Fund Financial Statements - Fund financial statements report detailed information about the Center. The focus of governmental and enterprise 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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current deferred outflows of resources, current liabilities, current deferred inflows of resources and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

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 Center's internal service fund is charges for sales and services. The principal operating revenues of the Center's enterprise fund is tuition and fees for adult education. Operating expenses for the internal service fund includes claims expenses. Operating expenses for the enterprise fund primarily includes the cost of personal services, purchased services and materials and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Private-purpose trust funds are 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.

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 Center, available means expected to be received within sixty days of fiscal year end.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, 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 Center, See Note 13 for deferred outflows of resources related the Center's net pension liability.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes 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 Center unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Center, See Note 13 for deferred inflows of resources related to the Center's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position for governmental activities and both the government-wide statement of net position and the statement of net position - proprietary funds for business-type activities.

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

E. Budgets

The Center is required by State statute to adopt an annual appropriated cash basis budget for all funds except agency funds. 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 Trumbull 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 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 is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate 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, 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). Although the legal level of budgetary control was established at the fund level of expenditures, the Center has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriations.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2017. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end (not already recorded in accounts payable) are reported as a component of assigned fund balance for subsequent-year expenditures for governmental funds.

F. Cash and Investments

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

During fiscal year 2017, investments were limited to Invesco Short-Term Investment Trust (STIT) mutual funds, U.S. Government money market, Farm Federal Credit Bank (FFCB) bonds, Federal Home Loan Bank (FHLB) bonds, Federal Home Loan Mortgage Corporation (FHLMC) bonds, Federal National Mortgage Association (FNMA) bonds, negotiable certificates of deposit, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

During fiscal year 2017, the Center 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 Center measures their 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 a NAV per share that approximates fair value.

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

Under existing Ohio statutes, 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 \$37,656 which includes \$5,001 assigned from other Center funds.

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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 expensed when used. Inventories are accounted for using the consumption method on the fund financial statements and the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a 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.

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Center maintains a capitalization threshold of \$2,000. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 20 years	N/A
Buildings and improvements	20 - 40 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A

I. Interfund Balances

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

J. Compensated Absences

Compensated absences of the 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 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 five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

For governmental fund financial statements, 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 fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepayments

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

L. 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 proprietary funds are reported on 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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

M. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted 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 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 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.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

N. Net Position

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

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

O. Estimates

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

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.

R. Fair Value

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

S. 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2017, the Center has implemented GASB Statement No. 74, "*Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*", 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. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the Center

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 Center's fiscal year 2017 financial statements (see Note 19); 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 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 Center.

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 Center.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Vocational education	\$ 15,783
<u>Major business-type activities fund</u>	
Adult education	1,355,091

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 Center into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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;

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the Center had \$500 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2017, the carrying amount of all the Center's deposits was \$5,071,969. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$1,906,638 of the Center's bank balance of \$5,081,800 was exposed to custodial risk as discussed below, while \$3,175,162 was covered by the FDIC.

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

Measurement/ Investment type	Investment Maturities					
	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FFCB	\$ 281,655	\$ -	\$ 281,655	\$ -	\$ -	\$ -
FHLB	202,202	-	104,561	-	-	97,641
FHLMC	123,510	-	-	-	-	123,510
FNMA	424,709	-	154,641	-	-	270,068
Negotiable CD's	6,330,016	962,220	647,810	816,765	691,365	3,211,856
Invesco STIT mutual funds	255,968	255,968	-	-	-	-
U.S. Government money market	17,449	17,449	-	-	-	-
Amortized Cost:						
STAR Ohio	10,125	10,125	-	-	-	-
Total	<u>\$ 7,645,634</u>	<u>\$ 1,245,762</u>	<u>\$ 1,188,667</u>	<u>\$ 816,765</u>	<u>\$ 691,365</u>	<u>\$ 3,703,075</u>

The weighted average of maturity of investments is 2.08 years.

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

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

Credit Risk: The Center's investments, except for STAR Ohio and the U.S. Government money market, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating service. The Center has no policy that addresses credit risk.

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair Value:		
FFCB	\$ 281,655	3.68
FHLB	202,202	2.64
FHLMC	123,510	1.62
FNMA	424,709	5.55
Negotiable CD's	6,330,016	82.78
Invesco STIT mutual funds	255,968	3.35
U.S. Government money market	17,449	0.25
Amortized Cost:		
STAR Ohio	<u>10,125</u>	<u>0.13</u>
Total	<u>\$ 7,645,634</u>	<u>100.00</u>

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:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,071,969
Investments	7,645,634
Cash on hand	<u>500</u>
Total	<u>\$ 12,718,103</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 12,575,177
Business type activities	8,358
Private-purpose trust fund	18,472
Agency funds	<u>116,096</u>
Total	<u>\$ 12,718,103</u>

NOTE 5 - INTERFUND TRANSACTIONS

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

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental fund	\$ 300,000
Adult education enterprise fund	<u>115,628</u>
Total transfers in/out	<u>\$ 415,628</u>

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials. Transfers between governmental funds and the enterprise fund are reported as transfers in the government-wide statements.

All transfers made during the fiscal year 2017 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund loans receivable/payable consisted of the following at June 30, 2017, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ 10,427
General fund	Adult education enterprise fund	<u>8,357</u>
Total		<u>\$ 18,784</u>

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

Interfund balances between governmental funds are eliminated on the government-wide Statement of Net Position. Interfund balances between governmental funds and business-type activities are reported as internal balances on the government-wide Statement of Net Position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 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.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 6 - PROPERTY TAXES - (Continued)

The Center receives property taxes from Trumbull County. The County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$40,743 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2016 was \$33,979 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 3,079,650,200	95.31	\$ 3,249,314,420	94.86
Public utility personal	<u>151,693,400</u>	<u>4.69</u>	<u>166,853,520</u>	<u>5.14</u>
Total	<u>\$ 3,231,343,600</u>	<u>100.00</u>	<u>\$ 3,416,167,940</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.40		\$2.40	

NOTE 7 - RECEIVABLES

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

Governmental activities:	
Taxes - current and delinquent	\$ 7,472,707
Accrued interest	26,102
Intergovernmental	<u>157,513</u>
Total governmental receivables	<u>\$ 7,656,322</u>

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 7 - RECEIVABLES - (Continued)

Business-type activities:	
Accounts	\$ 6,818
Intergovernmental	<u>30,728</u>
Total business-type receivables	<u>\$ 37,546</u>

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

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2017</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 432,770	\$ -	\$ -	\$ 432,770
Construction in progress	<u>-</u>	<u>188,970</u>	<u>(107,048)</u>	<u>81,922</u>
Total capital assets, not being depreciated	<u>432,770</u>	<u>188,970</u>	<u>(107,048)</u>	<u>514,692</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	642,348	-	-	642,348
Buildings and improvements	21,004,875	110,248	-	21,115,123
Furniture and equipment	3,749,013	203,543	(299,386)	3,653,170
Vehicles	<u>424,492</u>	<u>5,125</u>	<u>-</u>	<u>429,617</u>
Total capital assets, being depreciated	<u>25,820,728</u>	<u>318,916</u>	<u>(299,386)</u>	<u>25,840,258</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(625,917)	(2,389)	-	(628,306)
Buildings and improvements	(14,284,650)	(245,814)	-	(14,530,464)
Furniture and equipment	(2,732,404)	(189,813)	252,782	(2,669,435)
Vehicles	<u>(342,631)</u>	<u>(23,112)</u>	<u>-</u>	<u>(365,743)</u>
Total accumulated depreciation	<u>(17,985,602)</u>	<u>(461,128)</u>	<u>252,782</u>	<u>(18,193,948)</u>
Governmental activities capital assets, net	<u>\$ 8,267,896</u>	<u>\$ 46,758</u>	<u>\$(153,652)</u>	<u>\$ 8,161,002</u>

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 9,605
Special	2,422
Vocational	226,800
Adult education	157,375
Support services:	
Pupil	2,065
Instructional staff	6,177
Board of education	687
Administration	21,405
Fiscal	281
Operations and maintenance	3,457
Pupil transportation	25,863
Food service operations	<u>4,991</u>
Total depreciation expense	<u>\$ 461,128</u>

B. Business-type activities capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2017</u>
Business-type activities				
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures & equipment	\$ 205,175	\$ -	\$ (35,218)	\$ 169,957
<i>Less: accumulated depreciation</i>				
Furniture, fixtures & equipment	<u>(134,105)</u>	<u>(6,542)</u>	<u>19,205</u>	<u>(121,442)</u>
Business-type activities capital assets, net	<u>\$ 71,070</u>	<u>\$ (6,542)</u>	<u>\$ (16,013)</u>	<u>\$ 48,515</u>

NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE

In previous fiscal years, the Center entered into a capitalized lease for copiers. This lease agreement meets the criteria of a capital lease, 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 financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2017 totaled \$24,372 paid by the general fund.

The capitalized assets acquired through capital leases are as follows:

Assets:	
Equipment (copiers)	\$ 203,200
Less: accumulated depreciation	<u>(101,600)</u>
Total	<u>\$ 101,600</u>

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 9 - CAPITALIZED LEASE - 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:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 27,780
2019	27,780
2020	<u>2,315</u>
Total minimum lease payments	57,875
Less: amount representing interest	<u>(3,021)</u>
Total	<u>\$ 54,854</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2017, the following changes occurred in long-term obligations.

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
Compensated absences payable	\$ 1,695,258	\$ 412,603	\$ (258,082)	\$ 1,849,779	\$ 308,737
Net pension liability	21,273,578	3,999,629	-	25,273,207	-
Capital lease obligations	79,226	-	(24,372)	54,854	25,619
OASBO lease-purchase	<u>4,684,000</u>	<u>-</u>	<u>(206,000)</u>	<u>4,478,000</u>	<u>215,000</u>
Total governmental activities long-term liabilities	<u>\$ 27,732,062</u>	<u>\$ 4,412,232</u>	<u>\$ (488,454)</u>	<u>\$ 31,655,840</u>	<u>\$ 549,356</u>
Business-type activities:					
Compensated absences	\$ 67,405	\$ 22,248	\$ (41,101)	\$ 48,552	\$ 22,248
Net pension liability	<u>1,380,304</u>	<u>248,878</u>	<u>-</u>	<u>1,629,182</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 1,447,709</u>	<u>\$ 271,126</u>	<u>\$ (41,101)</u>	<u>\$ 1,677,734</u>	<u>\$ 22,248</u>

Compensated absences: Compensated absences of the governmental activities will be paid from the general fund. Compensated absences of the business-type activities will be paid from the adult education fund.

Net pension liability: See Note 13 for details.

Capital lease obligations: See Note 9 for details on the Center's capital lease obligations.

OASBO Lease-Purchase Agreement: During fiscal year 2006, the Center entered into a lease-purchase agreement with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of the construction of an addition to the career center. US Bank has been designated as trustee for the agreement. The source of revenue to fund principal and interest payments is general operating revenue of the Center. The annual payments will be payable from the general fund. At June 30, 2017, the Center had outstanding borrowings of \$4,478,000.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future payments required under the OASBO lease-purchase agreement:

Fiscal Year Ending June 30	Principal	Interest	Total
2018	\$ 215,000	\$ 218,750	\$ 433,750
2019	225,000	208,247	433,247
2020	235,000	255	235,255
2021	246,000	185,776	431,776
2022	257,000	173,759	430,759
2023 - 2027	1,467,000	669,050	2,136,050
2028 - 2032	1,833,000	276,540	2,109,540
Total	<u>\$ 4,478,000</u>	<u>\$ 1,732,377</u>	<u>\$ 6,210,377</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the 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 Center. The assessed valuation used in determining the 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 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 \$292,438,298 and an unvoted debt margin of \$3,249,314.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

Sick Leave:

Each employee is entitled to fifteen days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Sick leave pay is based upon the per diem rate paid the employee at the time of the employee's retirement from the Center. An employee with five or more years of service in the Center who elects to retire from active service shall receive 1/3 of the value of his/her accrued and unused sick leave to a maximum of sixty-five days. In addition, employees with thirteen or more years of service in the Center shall receive an added sum equal to 1/8 of the accrued and unused sick leave in excess of sixty-five days (1/3 of 195 days).

Vacation Leave:

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Unused vacation shall be cumulative to a maximum of forty days. Each full time administrator who is required to work twelve months per year is entitled, after service of one calendar year, to twenty working days per year of vacation leave. The Treasurer and Superintendent can carryover fifty and sixty days, respectively.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

B. Early Retirement Incentive

The Center provides an early retirement incentive plan for employees who are eligible for retirement under State Teachers Retirement System of Ohio (STRS Ohio) and School Employee Retirement System (SERS) guidelines and retire effective at the end of the fiscal year 2013 school year. STRS Ohio employees who enroll in the early retirement incentive plan will receive an \$18,000 payment in addition to their severance payment. SERS employees who enroll in the early retirement incentive plan will receive a \$9,000 payment in addition to their severance payment. No employees were owed an early retirement incentive payment at June 30, 2017.

C. Life Insurance

The Center provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 for all certified, classified and administrative staff; the level of coverage for the Superintendent and Treasurer is \$200,000 each.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Center has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$2,000,000 of each occurrence and \$5,000,000 in the aggregate. In addition, the Center maintains a \$1,000,000 umbrella liability policy.

The Center maintains replacement cost insurance on buildings and contents in the amount \$65,733,862. The Center maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

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

B. Employee Health, Dental and Vision Insurance

Health Insurance: The Center has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Employee Insurance Benefit Consortium Association (Note 2.A.). The Consortium purchases stop loss coverage of \$125,000 through the General American Life Insurance Company and the pool covers the excess. A third party administrator, Medical Mutual, through its agent, Watson, Wyatt Worldwide located in Cleveland, Ohio, reviews and pays claims for the Consortium. The Center pays premiums to the Consortium based upon board policy and the negotiated agreements; the premium is paid by the fund that pays the salary of the employee.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT - (Continued)

Dental Insurance: On January 1, 2015, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance dental program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of \$2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the 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 \$5,459 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 activity for the current year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2017	\$ 6,733	\$ 85,000	\$ (86,274)	\$ 5,459
2016	5,183	87,628	(86,078)	6,733

Vision Insurance: During fiscal year 2006, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance vision program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of \$2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the 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 \$388 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 activity for the current year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2017	\$ 192	\$ 7,672	\$ (7,476)	\$ 388
2016	425	7,947	(8,180)	192

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation Plan

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), a public entity risk pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. Participants of the GRP are placed in 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. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The Center’s contractually required contribution to SERS was \$278,315 for fiscal year 2017. Of this amount, \$22,290 is reported as pension and postemployment benefits payable.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The Center’s contractually required contribution to STRS was \$1,030,378 for fiscal year 2017. Of this amount, \$162,677 is reported as pension and postemployment benefits payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.0627404%	0.06901546%	
Proportion of the net pension liability current measurement date	<u>0.0601141%</u>	<u>0.06722607%</u>	
Change in proportionate share	<u>-0.00262630%</u>	<u>-0.00178939%</u>	
Proportionate share of the net pension liability	\$ 4,399,797	\$ 22,502,592	\$ 26,902,389
Pension expense	\$ 385,961	\$ 1,324,079	\$ 1,710,040

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 59,344	\$ 909,214	\$ 968,558
Net difference between projected and actual earnings on pension plan investments	362,919	1,868,320	2,231,239
Changes of assumptions	293,710	-	293,710
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	-	26,658	26,658
Center contributions subsequent to the measurement date	<u>278,315</u>	<u>1,030,378</u>	<u>1,308,693</u>
Total deferred outflows of resources	<u>\$ 994,288</u>	<u>\$ 3,834,570</u>	<u>\$ 4,828,858</u>

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Difference between Center contributions and proportionate share of contributions/change in proportionate share	\$ 154,979	\$ 784,225	\$ 939,204
Total deferred inflows of resources	\$ 154,979	\$ 784,225	\$ 939,204

\$1,308,693 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2018	\$ 117,887	\$ 219,338	\$ 337,225
2019	117,624	219,338	336,962
2020	221,157	936,268	1,157,425
2021	104,326	645,023	749,349
Total	\$ 560,994	\$ 2,019,967	\$ 2,580,961

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.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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	<u>100.00 %</u>	

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	\$ 5,825,058	\$ 4,399,797	\$ 3,206,795

Actuarial Assumptions - STRS

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

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

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

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

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Center's proportionate share of the net pension liability	\$ 29,904,116	\$ 22,502,592	\$ 16,258,970

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

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 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 Center's surcharge obligation was \$10,600.

The Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$10,600, \$13,817, and \$29,292, respectively. The fiscal year 2017 amount has been reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2016 and 2015.

B. State Teachers Retirement System

Plan Description - The 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. The Center's did not make any contributions for health care for the fiscal years ended June 30, 2017, 2016 and 2015.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 15 - 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 and disbursements.

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);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and
- (f) Investments are reported at fair value (GAAP basis) rather than cost (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

	<u>General fund</u>
Budget basis	\$ 1,291,400
Net adjustment for revenue accruals	(47,490)
Net adjustment for expenditure accruals	(265,620)
Net adjustment for other sources/uses	(45,054)
Funds budgeted elsewhere	167,478
Adjustment for encumbrances	56,490
GAAP basis	<u>\$ 1,157,204</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the flower fund, the customer service fund, public school support fund, the workers' compensation fund, the termination benefits fund and the management information systems fund.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 16 - CONTINGENCIES

A. Grants

The 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 Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Center.

B. Litigation

The Center is not a party to legal proceedings that would have a material effect on the financial condition of the Center.

C. Foundation Funding

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

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2016	\$ -
Current year set-aside requirement	178,589
Current year offsets	<u>(300,000)</u>
Total	<u>\$ (121,411)</u>
Balance carried forward to fiscal year 2018	<u>\$ -</u>
Set-aside balance June 30, 2017	<u>\$ -</u>

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 37,114
Nonmajor governmental funds	<u>139,046</u>
Total	<u>\$ 176,160</u>

NOTE 19 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Various taxing districts including the Village of Lordstown and City of Warren entered into Community Redevelopment Agreements (CRA) and Economic Zone Agreement (EZs) with various companies for the abatement of property taxes to bring jobs and economic development into the area. Under the agreement, the companies' property taxes assessed to the Center have been abated. During fiscal year 2017, the Center's property taxes were reduced by \$39,454.

NOTE 20 - SUBSEQUENT EVENT

On August 1, 2017, Cody Holecko became Treasurer of the Center.

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REQUIRED SUPPLEMENTARY INFORMATION

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Center's proportion of the net pension liability	0.06011410%	0.06274040%	0.06435700%	0.06435700%
Center's proportionate share of the net pension liability	\$ 4,399,797	\$ 3,580,028	\$ 3,257,071	\$ 3,827,104
Center's covered payroll	\$ 1,853,800	\$ 1,888,816	\$ 1,870,087	\$ 1,951,337
Center's proportionate share of the net pension liability as a percentage of its covered payroll	237.34%	189.54%	174.17%	196.13%
Plan fiduciary net position as a percentage of the total pension liability	62.98%	69.16%	71.70%	65.52%

(1) 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 Center's measurement date which is the prior year-end.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS (1)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Center's proportion of the net pension liability	0.06722607%	0.06901546%	0.07124883%	0.07124883%
Center's proportionate share of the net pension liability	\$ 22,502,592	\$ 19,073,854	\$ 17,330,181	\$ 20,643,599
Center's covered payroll	\$ 7,039,857	\$ 7,327,629	\$ 7,279,662	\$ 7,858,692
Center's proportionate share of the net pension liability as a percentage of its covered payroll	319.65%	260.30%	238.06%	262.68%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	72.10%	74.70%	69.30%

(1) 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 Center's measurement date which is the prior year-end.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 278,315	\$ 259,532	\$ 248,946	\$ 259,194
Contributions in relation to the contractually required contribution	<u>(278,315)</u>	<u>(259,532)</u>	<u>(248,946)</u>	<u>(259,194)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 1,987,964	\$ 1,853,800	\$ 1,888,816	\$ 1,870,087
Contributions as a percentage of covered payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 270,065	\$ 253,621	\$ 239,220	\$ 270,588	\$ 179,806	\$ 173,837
<u>(270,065)</u>	<u>(253,621)</u>	<u>(239,220)</u>	<u>(270,588)</u>	<u>(179,806)</u>	<u>(173,837)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,951,337	\$ 1,885,658	\$ 1,903,103	\$ 1,998,434	\$ 1,827,297	\$ 1,770,234
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,030,378	\$ 985,580	\$ 1,025,868	\$ 946,356
Contributions in relation to the contractually required contribution	<u>(1,030,378)</u>	<u>(985,580)</u>	<u>(1,025,868)</u>	<u>(946,356)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 7,359,843	\$ 7,039,857	\$ 7,327,629	\$ 7,279,662
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 1,021,630	\$ 1,007,684	\$ 1,035,485	\$ 981,247	\$ 979,607	\$ 958,147
<u>(1,021,630)</u>	<u>(1,007,684)</u>	<u>(1,035,485)</u>	<u>(981,247)</u>	<u>(979,607)</u>	<u>(958,147)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,858,692	\$ 7,751,415	\$ 7,965,269	\$ 7,548,054	\$ 7,535,438	\$ 7,370,362
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass Through Grantor Number	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed through Ohio Department of Education</i>				
<i>Child Nutrition Cluster:</i>				
National School Breakfast Program	10.553	044594-05PU-11	\$ 38,433	\$ 0
National School Lunch Program	10.555	04459494-LL-11	<u>177,124</u>	<u>23,647</u>
<i>Total Child Nutrition Cluster</i>			<u>215,557</u>	<u>23,647</u>
Total U.S. Department of Agriculture			<u>215,557</u>	<u>23,647</u>
<u>U.S. Department of Education</u>				
<i>Passed through State Department of Education</i>				
<i>Adult Education Cluster:</i>				
Special Education Grants to States	84.002	N/A	<u>376,474</u>	<u>0</u>
<i>Total Adult Education Cluster</i>			<u>376,474</u>	<u>0</u>
Career & Technical Education - Basic Grants to the State	84.048	N/A	694,219	0
<i>Student Financial Aid Cluster:</i>				
Pell Grant	84.063	N/A	263,012	0
Federal Direct Loans	84.268	N/A	<u>305,500</u>	<u>0</u>
<i>Total Student Financial Aid Cluster</i>			<u>568,512</u>	<u>0</u>
Improving Teacher Quality State Grants	84.367	044594-TRS1-11	<u>2,538</u>	<u>0</u>
Total U.S. Department of Education			<u>1,641,743</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$1,857,300</u>	<u>\$ 23,647</u>

See accompanying notes to Supplemental Schedule of Expenditures of Federal Awards.

TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Trumbull Career and Technical Center under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Trumbull Career and Technical Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Trumbull Career and Technical Center.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

Trumbull Career and Technical Center has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: CHILD NUTRITION CLUSTER

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

NOTE 5: FOOD DONATION PROGRAM

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Members of Board of Education
Trumbull Career and Technical Center
Warren, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center, Trumbull County, Ohio, (the Center) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated December 6, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 6, 2017

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**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE**

To the Members of Board of Education
Trumbull Career and Technical Center
Warren, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited the Trumbull Career and Technical Center, Trumbull County, Ohio's (the Center) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2017. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

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



James G. Zupka, CPA, Inc.
Certified Public Accountants

December 6, 2017

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

2017(i)	Type of Financial Statement Opinion	Unmodified
2017(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2017(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2017(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2017(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2017(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2017(v)	Type of Major Program's Compliance Opinion	Unmodified
2017(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2017(vii)	Major Programs (list): Career and Technical Education - CFDA #84.048	
2017(viii)	Dollar Threshold: Type A\B Program	Type A: \$750,000 or more Type B: All others less than \$750,000
2017(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**TRUMBULL CAREER AND TECHNICAL CENTER
TRUMBULL COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017**

Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

TRUMBULL CAREER AND TECHNICAL CENTER

TRUMBULL 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
FEBRUARY 1, 2018