MAPLEWOOD CAREER CENTER
PORTAGE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2017-2016

Dave Yost • Auditor of State

MAPLEWOOD CAREER CENTER
PORTAGE COUNTY

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INDEPENDENT AUDITOR'S REPORT

Maplewood Career Center
Portage County
7075 State Route 88
Ravenna, Ohio 44266

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio (the Center), as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio, as of June 30, 2017 and 2016, and the respective changes in financial position, and the budgetary comparison for the General Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018 on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

February 16, 2018

It is a privilege to present to you the financial picture of the Maplewood Career Center. This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the 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 the 2017 fiscal year are as follows:

- Certified, classified, and administrative staff received a 2.25 percent salary increase in fiscal year 2017 and will receive a 2 percent increase in fiscal year 2018.

- The Center completed projects started in fiscal year 2016. Approximately 200,000 square feet of asphalt was removed and replaced. Concrete curbing, sidewalks, light poles, and signs for those areas were installed along with landscaping to the site. An enclosed garage storage building for lawn care equipment and Center-owned vehicles was constructed. No hazardous materials are stored in the storage building. It is one story and approximately 5,800 square feet.

- The asphalt replaced over the summer of 2016 was less than half the asphalt on the site. The remainder of the asphalt, approximately 230,000 square feet, is being removed and replaced over the summer of 2017. The project also includes concrete curbing, pads, light poles, and signs for those areas.

- The Center replaced two buses in the spring of 2017. The cost of each bus was $84,076.

- The Center continues to research new programming options, but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education.

Using this Financial Report

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-51 of this report.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the Center's *net position* and changes in the 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, the Center's performance, required educational programs, demographic and socioeconomic factors, the willingness of the community to support the Center and other factors.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental fund begins on page 9. Fund financial reports provide detailed information about the Center's major fund. 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 fund. The Center's only major governmental fund is the general fund.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Center's programs. These funds use the accrual basis of accounting.

The Center as a Whole

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

Table 1
Net Position

	Governmental Activites		
	2017	2016	Change
Assets			
Current and Other Assets	$35,237,519	$35,478,459	($240,940)
Capital Assets, Net	12,268,237	11,129,128	1,139,109
Total Assets	47,505,756	46,607,587	898,169
Deferred Outflows of Resources			
Pension	3,298,262	1,426,785	1,871,477
Liabilities			
Current Liabilities	1,033,082	929,310	(103,772)
Long-Term Liabilities:			
Due Within One Year	76,337	80,828	4,491
Due in More Than One Year:			
Net Pension Liability	17,576,603	14,543,504	(3,033,099)
Other Amounts	1,076,243	989,024	(87,219)
Total Liabilities	19,762,265	16,542,666	(3,219,599)
Deferred Inflows of Resources			
Property Taxes	5,218,756	5,069,410	(149,346)
Pension	457,981	1,169,544	711,563
Total Deferred Inflows of Resources	5,676,737	6,238,954	562,217
Net Position			
Net Investment in Capital Assets	12,268,237	11,129,128	1,139,109
Restricted	41,964	83,129	(41,165)
Unrestricted	13,054,815	14,040,495	(985,680)
Total Net Position	$25,365,016	$25,252,752	$112,264

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

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

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained 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.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position. Net investment in capital assets contributed to this increase. Capital assets increased due to capital outlays exceeding current year depreciation. Deferred outflows of resources related to pension increased, and deferred inflows of resources related to pension decreased. Long-term liabilities increased mainly due to an increase in the net pension liability.

Table 2 shows the changes in net position for fiscal year 2017 compared to fiscal year 2016.

Table 2
Change in Net Position
Governmental Activities

	2017	2016	Change
Revenues			
Program Revenues			
Charges for Services	$549,491	$633,448	($83,957)
Operating Grants, Contributions, and Interest	1,514,324	1,397,370	116,954
Total Program Revenues	2,063,815	2,030,818	32,997
General Revenues			
Property Taxes	6,485,456	7,111,388	(625,932)
Grants and Entitlements	4,604,504	4,580,826	23,678
Unrestricted Contributions	928	918	10
Investment Earnings	141,888	281,100	(139,212)
Miscellaneous	77,952	65,345	12,607
Total General Revenues	11,310,728	12,039,577	(728,849)
Total Revenues	13,374,543	14,070,395	(695,852)
Program Expenses			
Instruction:			
Regular	1,384,939	1,272,702	(112,237)
Vocational	5,439,990	5,011,000	(428,990)
Adult/Continuing	338,536	240,899	(97,637)
Support Services:			
Pupil	1,244,896	1,108,957	(135,939)
Instructional Staff	645,202	566,525	(78,677)
Board of Education	124,720	133,299	8,579
Administration	987,803	847,801	(140,002)
Fiscal	614,557	572,664	(41,893)
Business	335,658	275,396	(60,262)
Operation and Maintenance of Plant	1,369,706	1,177,612	(192,094)
Pupil Transportation	75,766	13,578	(62,188)
Central	325,965	326,643	678
Operation of Non-Instructional Services	50,153	45,371	(4,782)
Operation of Food Services	300,939	262,117	(38,822)
Extracurricular Activities	23,449	21,691	(1,758)
Total Program Expenses	13,262,279	11,876,255	(1,386,024)
Change in Net Position	112,264	2,194,140	(2,081,876)
Net Position Beginning of Year	25,252,752	23,058,612	2,194,140
Net Position End of Year	$25,365,016	$25,252,752	$112,264

Governmental Activities

Net position of the Center's governmental activities increased in fiscal year 2017 because revenues continued to exceed expenses, despite an overall decrease in revenues and increase in expenses from the prior fiscal year. The decrease in revenues was primarily due to a decrease in property tax revenues on an accrual basis due to differences in the timing and collections of taxes by the County Auditors. The primary sources of revenue for the Center are derived from property taxes and grants and entitlements revenue. These two revenue sources represent 82.92 percent of the total revenue. Property taxes, alone, represent 48.49 percent of revenues. The remaining 51.51 percent of revenue is from program revenues, State foundation, donations, interest, and miscellaneous local sources.

A State law, enacted in 1976, does not allow for tax revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 4 mills. The reduced or effective millage in fiscal year 2017 was 3.089921 mills for Residential/Agricultural property and 3.398492 mills for Commercial/Industrial property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Table 3

Year Ending	Portage County	Summit County	Total Valuation	Growth Rate
2017	$2,281,276,630	$56,628,760	$2,337,905,390	1.25 %
2016	2,252,618,385	56,343,540	2,308,961,925	2.72
2015	2,190,879,120	56,869,740	2,247,748,860	0.44
2014	2,181,580,620	56,230,880	2,237,811,500	1.21
2013	2,154,881,120	56,190,650	2,211,071,770	(3.76)
2012	2,241,339,510	56,110,980	2,297,450,490	(0.62)
2011	2,249,316,830	62,353,560	2,311,670,390	0.11
2010	2,247,875,525	61,166,880	2,309,042,405	(2.20)
2009	2,300,090,760	60,988,046	2,361,078,806	(1.14)
2008	2,319,596,103	68,824,430	2,388,420,533	0.07

The average rate of growth over the last 10 years is negative 0.19 percent.

Although the amount of State funding per pupil has risen slightly over the past several years, the Center has not received this increase due in part to the funding formula called transitional aid guarantee. Being on the transitional aid guarantee means that the Center is guaranteed not to go below a certain amount of foundation funding and thus the number of pupils and funding per pupil is no longer impacting the funding equation. House Bill 64, the State's biennial budget for fiscal years 2016 and 2017, changed the formula for joint vocational schools. The per pupil funding amount was $5,900 for fiscal year 2016 and $6,000 for fiscal year 2017. Career Technical Educational Funding is part of restricted funding and is now calculated outside the transitional guarantee. This will account for some fluctuations in State funding depending on enrollment of students in the various programs offered.

Expenses increased from fiscal year 2016 in nearly all functions, mainly due to an increase in pension expense. Fiscal year 2017 program revenues covered 15.56 percent of program expenses overall. The remaining 84.44 percent is supported through tax revenues and other general revenues. In fiscal year 2017, however, revenues totaled 100.85 percent of expenses, resulting in an increase in net position of $112,264.

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

Table 4
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Program Expenses				
Instruction:				
Regular	$1,384,939	$1,306,223	$1,272,702	$1,250,893
Vocational	5,439,990	4,365,332	5,011,000	3,967,401
Adult/Continuing	338,536	63,489	240,899	4,520
Support Services:				
Pupil	1,244,896	1,106,022	1,108,957	953,765
Instructional Staff	645,202	628,810	566,525	551,636
Board of Education	124,720	122,680	133,299	130,940
Administration	987,803	856,663	847,801	629,934
Fiscal	614,557	589,800	572,664	546,369
Business	335,658	330,397	275,396	270,346
Operation and Maintenance of Plant	1,369,706	1,347,269	1,177,612	1,156,599
Pupil Transportation	75,766	72,835	13,578	13,488
Central	325,965	317,985	326,643	318,714
Operation of Non-Instructional Services	50,153	50,153	45,371	45,371
Operation of Food Services	300,939	31,415	262,117	(1,852)
Extracurricular Activities	23,449	9,391	21,691	7,313
Total	$13,262,279	$11,198,464	$11,876,255	$9,845,437

As one can see, the reliance upon local tax revenues for the governmental activities is crucial. Local property taxes directly support 48.90 percent of expenses. Grants and entitlements not restricted to specific programs support 34.72 percent while program revenues, unrestricted contributions, investment earnings and other miscellaneous types of revenues support the remaining activity costs.

The Center's Funds

The Center's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of $28,757,008, a decrease of $394,121 from fiscal year 2016.

General Fund

The general fund balance decreased by $268,038 in fiscal year 2017. The decrease in fund balance can be attributed to the decrease in revenues and the increase in expenditures. The decrease in revenues was primarily a result of a decrease in property tax revenues on a modified accrual basis due to differences in timing and collections of taxes by the County Auditors. The increase in expenditures can be attributed primarily to the increase in capital outlay.

Budgeting Highlights

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

In fiscal year 2017, the Center adopted its appropriations prior to October 1, 2016, and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues, including other financing sources, were $12,322,875, an increase of $45,158 from the original estimate. Total actual revenues were more than final estimated revenues mainly due to higher than expected property tax revenues and intergovernmental revenues.

General fund final appropriations, including other financing uses, of $17,981,995 were $5,908 less than the original appropriations. The Center's budget for instruction totaled 34.04 percent of general fund final appropriations; support services 37.90 percent; capital outlay 25.90 percent; and all other expenditures and transfers/advances made up the remaining 2.16 percent. Final appropriations exceeded actual expenditures by $3,120,456. This difference was due to the Center appropriating for the entirety of projects and by fiscal year end not all of the projects had been completed, and also from salaries, benefits, purchased services, supplies, and equipment coming in lower than original predictions.

Capital Assets and Debt Administration

Capital Assets

The following table shows fiscal year 2017 balances compared to fiscal year 2016.

Table 5
Capital Assets at June 30
(Net of Accumulated Depreciation)

	Governmental Activities	
	2017	2016
Land	$140,600	$140,600
Construction in Progress	253,011	0
Buildings and Improvements	10,938,623	10,157,862
Furniture, Fixtures and Equipment	696,358	723,152
Vehicles	239,645	107,514
Total Capital Assets	$12,268,237	$11,129,128

Capital assets net of depreciation increased by $1,139,109 overall due to capital outlays outpacing depreciation during fiscal year 2017.

The Center's capitalization threshold for capital assets was set at $5,000. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt Administration

At June 30, 2017, the Center had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and for the Center's net pension liability. For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The vision of the Maplewood Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, the Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

The mission of the Center is to prepare all students to meet, to the best of their abilities, the career/technical, academic, social, cultural, current and future needs of the community. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics and meet their obligations as citizens in a democratic and global society.

Keeping current is an ongoing challenge for the Center, where success is measured by graduate employment. As part of the Center's mission to provide relevant career technical programs that meet the needs of its students and its communities, medical and dental assisting were added at the beginning of fiscal year 2009, because those two fields were among the fastest growing career fields in the region. Also, at the beginning of fiscal year 2009, additional opportunities were added for students selecting auto service technology and cosmetology, doubling their capacity, since these programs have always been quickly filled. A new program titled Building and Property Maintenance was added, as well. These programs were fully operational with both juniors and seniors in fiscal year 2010. Unfortunately, the Building and Property Maintenance program was eliminated due to low enrollment at the end of the 2012 fiscal year. The previous Horticulture laboratory was renovated into an Animal Science laboratory over the summer of 2014. Animal Science was added in the fall of 2014 for juniors and was offered to both juniors and seniors in fiscal year 2016. The Administrative and Medical Terminology program was closed at the end of the 2014 year and the Computer Aided Engineering program was closed at the end of the 2015 fiscal year. The Center continues to research new programming options but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education. The Center will continue to assess the needs of the students and communities and make changes and additions to programs in the future.

The adult education program assists individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, keep abreast of technological developments, and to develop competencies in areas of need and workforce development and personal interest. The job training and re-training needs of area adults are important concerns to the Center's adult education department. The Center offers Welding Technologies as a long-term adult education training program. It is a program most requested by area employers. The program is affordable, in depth, and most importantly, graduates are certified and ready to step into a job. In the summer and fall of 2015, the Center worked with area manufacturing businesses to start an Industrial Maintenance program. The program includes modules for electrical, fluid power, and mechanical. Area manufacturing businesses send employees to take the classes and receive certifications. The classes are also open to individuals. The Center is currently working with area manufacturing businesses to create a Production Technician program.

In order to meet the goals mentioned above, it is imperative that the Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years. The Center has achieved a large measure of financial stability and forecasts a continuation of that stability throughout the five years of the required forecast period prior to a levy renewal or replacement being requested of its voters. Administrators and staff are cognizant of the vulnerability of this stability and the Board of Education and Administration continue to closely monitor both revenues and expenses. The Board of Education and Administration plan to maintain the current facility indefinitely and as a result must upgrade and maintain the facility in a manner distinctly different from many traditional school districts that are building or planning to build new facilities.

Contacting the Center's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Seckman, Treasurer, Maplewood Career Center, 7075 State Route 88, Ravenna, Ohio 44266. You may also contact the Treasurer by phone at (330) 296-2892, extension 551005, or by e-mail at seckmanmi@mwood.cc.

Maplewood Career Center

Statement of Net Position

June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$28,148,077
Accounts Receivable	1,298
Intergovernmental Receivable	78,325
Accrued Interest Receivable	50,421
Prepaid Items	59,774
Materials and Supplies Inventory	1,185
Inventory Held for Resale	5,027
Property Taxes Receivable	6,876,612
Assets Held for Resale	16,800
Nondepreciable Capital Assets	393,611
Depreciable Capital Assets, Net	11,874,626
Total Assets	47,505,756
Deferred Outflows of Resources	
Pension	3,298,262
Liabilities	
Accounts Payable	78,267
Contracts Payable	8,750
Accrued Wages and Benefits Payable	724,514
Vacation Benefits Payable	65,519
Intergovernmental Payable	156,032
Long-Term Liabilities:	
Due Within One Year	76,337
Due in More Than One Year:	
Net Pension Liability (See Note 13)	17,576,603
Other Amounts Due in More Than One Year	1,076,243
Total Liabilities	19,762,265
Deferred Inflows of Resources	
Property Taxes	5,218,756
Pension	457,981
Total Deferred Inflows of Resources	5,676,737
Net Position	
Net Investment in Capital Assets	12,268,237
Restricted for:	
Food Service Operations	25,047
Other Purposes	16,917
Unrestricted	13,054,815
Total Net Position	$25,365,016

See accompanying notes to the basic financial statements

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$1,384,939	$20,356	$58,360	($1,306,223)
Vocational	5,439,990	200,430	874,228	(4,365,332)
Adult/Continuing	338,536	47,124	227,923	(63,489)
Support Services:				
Pupil	1,244,896	20,139	118,735	(1,106,022)
Instructional Staff	645,202	10,286	6,106	(628,810)
Board of Education	124,720	2,040	0	(122,680)
Administration	987,803	68,556	62,584	(856,663)
Fiscal	614,557	9,596	15,161	(589,800)
Business	335,658	5,261	0	(330,397)
Operation and Maintenance of Plant	1,369,706	22,437	0	(1,347,269)
Pupil Transportation	75,766	2,931	0	(72,835)
Central	325,965	6,074	1,906	(317,985)
Operation of Non-Instructional Services	50,153	0	0	(50,153)
Operation of Food Services	300,939	120,203	149,321	(31,415)
Extracurricular Activities	23,449	14,058	0	(9,391)
Total	$13,262,279	$549,491	$1,514,324	(11,198,464)

General Revenues	
Property Taxes Levied for General Purposes	6,485,456
Grants and Entitlements not Restricted to Specific Programs	4,604,504
Unrestricted Contributions	928
Investment Earnings	141,888
Miscellaneous	77,952
Total General Revenues	11,310,728
Change in Net Position	112,264
Net Position Beginning of Year	25,252,752
Net Position End of Year	$25,365,016

See accompanying notes to the basic financial statements

Maplewood Career Center

Balance Sheet

Governmental Funds

June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$27,701,506	$223,209	$27,924,715
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	223,362	0	223,362
Accounts Receivable	1,251	47	1,298
Interfund Receivable	281,273	0	281,273
Accrued Interest Receivable	50,421	0	50,421
Intergovernmental Receivable	12,124	66,201	78,325
Prepaid Items	59,355	419	59,774
Materials and Supplies Inventory	0	1,185	1,185
Inventory Held for Resale	0	5,027	5,027
Property Taxes Receivable	6,876,612	0	6,876,612
Assets Held for Resale	16,800	0	16,800
Total Assets	$35,222,704	$296,088	$35,518,792
Liabilities			
Accounts Payable	$78,022	$245	$78,267
Contracts Payable	8,750	0	8,750
Accrued Wages and Benefits Payable	662,755	61,759	724,514
Intergovernmental Payable	133,920	22,112	156,032
Interfund Payable	0	281,273	281,273
Total Liabilities	883,447	365,389	1,248,836
Deferred Inflows of Resources			
Property Taxes	5,218,756	0	5,218,756
Unavailable Revenue	294,192	0	294,192
Total Deferred Inflows of Resources	5,512,948	0	5,512,948
Fund Balances			
Nonspendable	76,155	1,604	77,759
Restricted	12,554	36,704	49,258
Committed	1,727,330	0	1,727,330
Assigned	4,196,899	0	4,196,899
Unassigned (Deficit)	22,813,371	(107,609)	22,705,762
Total Fund Balances (Deficit)	28,826,309	(69,301)	28,757,008
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$35,222,704	$296,088	$35,518,792

See accompanying notes to the basic financial statements

Maplewood Career Center

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

Total Governmental Funds Balances		$28,757,008
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,268,237
Other long-term assets, such as delinquent property taxes, are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		294,192
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(65,519)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		(1,152,580)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	3,298,262	
Net Pension Liability	(17,576,603)	
Deferred Inflows - Pension	(457,981)	
Total		(14,736,322)
Net Position of Governmental Activities		$25,365,016

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2017

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$6,556,196	$0	$6,556,196
Intergovernmental	5,310,661	829,442	6,140,103
Interest	141,888	386	142,274
Tuition and Fees	216,768	98,885	315,653
Rentals	13,665	0	13,665
Contributions and Donations	928	0	928
Charges for Services	99,970	120,203	220,173
Miscellaneous	69,690	8,262	77,952
Total Revenues	12,409,766	1,057,178	13,466,944
Expenditures			
Current:			
Instruction:			
Regular	1,204,900	58,311	1,263,211
Vocational	3,915,327	171,116	4,086,443
Adult/Continuing	7,617	323,985	331,602
Support Services:			
Pupil	1,042,313	125,214	1,167,527
Instructional Staff	611,346	6,080	617,426
Board of Education	121,782	0	121,782
Administration	718,297	198,403	916,700
Fiscal	565,944	15,080	581,024
Business	311,189	0	311,189
Operation and Maintenance of Plant	1,341,242	0	1,341,242
Pupil Transportation	174,946	0	174,946
Central	334,106	3,001	337,107
Operation of Non-Instructional Services	21,346	0	21,346
Operation of Food Services	0	282,071	282,071
Extracurricular Activities	23,449	0	23,449
Capital Outlay	2,284,000	0	2,284,000
Total Expenditures	12,677,804	1,183,261	13,861,065
Net Change in Fund Balances	(268,038)	(126,083)	(394,121)
Fund Balances Beginning of Year	29,094,347	56,782	29,151,129
Fund Balances (Deficit) End of Year	$28,826,309	($69,301)	$28,757,008

See accompanying notes to the basic financial statements

Maplewood Career Center

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

Net Change in Fund Balances - Total Governmental Funds		($394,121)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	2,527,778	
Depreciation	(1,307,986)	
Total		1,219,792
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(80,683)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(70,740)	
Intergovernmental	(21,661)	
Total		(92,401)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated Absences	(82,728)	
Vacation Benefits Payable	(7,536)	
Total		(90,264)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		864,583
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,314,642)
Change in Net Position of Governmental Activities		$112,264

See accompanying notes to the basic financial statements

Maplewood Career Center

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$6,433,254	$6,484,350	$6,600,711	$116,361
Intergovernmental	5,141,050	5,215,377	5,318,399	103,022
Interest	394,509	312,834	331,333	18,499
Tuition and Fees	145,050	163,894	161,400	(2,494)
Rentals	9,234	13,780	13,665	(115)
Contributions and Donations	1,890	1,357	928	(429)
Charges for Services	10,800	13,997	11,537	(2,460)
Miscellaneous	57,271	32,027	68,217	36,190
Total Revenues	12,193,058	12,237,616	12,506,190	268,574
Expenditures				
Current:				
Instruction:				
Regular	1,460,472	1,460,472	1,261,617	198,855
Vocational	4,884,414	4,661,486	3,799,255	862,231
Support Services:				
Pupil	1,193,472	1,214,091	1,045,811	168,280
Instructional Staff	706,391	711,891	613,549	98,342
Board of Education	232,354	232,354	172,831	59,523
Administration	830,926	835,426	728,464	106,962
Fiscal	772,532	774,432	673,115	101,317
Business	322,918	324,718	312,698	12,020
Operation and Maintenance of Plant	2,077,831	2,077,584	1,615,434	462,150
Pupil Transportation	20,145	179,697	179,697	0
Central	465,347	465,718	354,808	110,910
Operation of Non-Instructional Services	27,206	21,546	21,346	200
Extracurricular Activities	35,820	39,505	24,140	15,365
Capital Outlay	4,768,075	4,656,802	3,773,639	883,163
Total Expenditures	17,797,903	17,655,722	14,576,404	3,079,318
Excess of Revenues Under Expenditures	(5,604,845)	(5,418,106)	(2,070,214)	3,347,892
Other Financing Sources (Uses)				
Advances In	84,659	85,259	85,259	0
Advances Out	(145,000)	(281,273)	(281,273)	0
Transfers Out	(45,000)	(45,000)	(3,862)	41,138
Total Other Financing Sources (Uses)	(105,341)	(241,014)	(199,876)	41,138
Net Change in Fund Balance	(5,710,186)	(5,659,120)	(2,270,090)	3,389,030
Fund Balance Beginning of Year	25,487,146	25,487,146	25,487,146	0
Prior Year Encumbrances Appropriated	2,560,138	2,560,138	2,560,138	0
Fund Balance End of Year	$22,337,098	$22,388,164	$25,777,194	$3,389,030

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$39,473	$95,281
Liabilities		
Due to Students	0	$95,281
Net Position		
Held in Trust for Scholarships	$39,473	

See accompanying notes to the basic financial statements

Maplewood Career Center

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

	Private Purpose Trust
	Scholarship
Additions	
Contributions and Donations	$4,300
Interest	242
Miscellaneous	7,332
Total Additions	11,874
Deductions	
Scholarships Awarded	12,800
Change in Net Position	(926)
Net Position Beginning of Year	40,399
Net Position End of Year	$39,473

See accompanying notes to the basic financial statements

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Note 1 – Description of the Center and Reporting Entity

The Maplewood Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of eleven members appointed for three year terms. Each Board member is selected in their home district and then appointed to the Center's board. The Center provides educational services as authorized by State statute and Federal guidelines to the following school districts: Crestwood Local School District, Field Local School District, James A. Garfield Local School District, Mogadore Local School District, Ravenna Schools, Rootstown Local School District, Southeast Local School District, Streetsboro City School District, Waterloo Local School District, and Windham Exempted Village School District. Each of these school districts has one board member on the Center's Board of Education, except for Ravenna Schools which has two members. The Center employs 67 certified employees and 29 non-certified employees who provide services to 627 students and other community members.

Reporting Entity

The Center is considered to be a stand-alone government because it is a legally separate entity but does not have an elected board. The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes the agencies and departments that provide the following services: general operations, food service, and student related activities of the Center.

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

The Center participates in a jointly governed organization and two insurance purchasing pools. These organizations are the Northeast Ohio Network for Educational Technology, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Portage Area Schools Consortium. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Center that are governmental and those that are considered business-type. The Center, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 9). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the

Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, pension, 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 on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 16. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 13).

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

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

Budgetary Process

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

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

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

Cash and Investments

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

During fiscal year 2017, investments were limited to federal national mortgage association notes, federal home loan mortgage corporation notes, federal home loan bank notes, federal farm credit bank notes, federal farm credit bank discount note, commercial paper, and STAR Ohio. Except STAR Ohio, investments are reported at fair value.

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 its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to $141,888, which includes $742 assigned from other Center funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a budget stabilization balance. See Note 20 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Assets Held for Resale

Assets held for resale represent land purchased by the Center which will be sold with student-built houses.

Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40-60 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	5-15 years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the Center's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for employees after one year of service with the Center.

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education or by a Center official delegated that authority by State statute. State statue authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Center Board of Education also assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2018 appropriated budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes summer school, vocational education programs, and other miscellaneous Federal grant programs.

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

Estimates

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

Note 3 – Changes in Accounting Principles

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

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

Note 4 – Fund Deficits

Fund balances at June 30, 2017, included individual fund deficits in the adult education and adult basic education special revenue funds in the amounts of $106,299, and $981, respectively.

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

Note 5 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Inventory	$0	$1,185	$1,185
Prepaids	59,355	419	59,774
Assets Held for Resale	16,800	0	16,800
Total Nonspendable	76,155	1,604	77,759
Restricted for:			
Food Service	0	32,341	32,341
Vocational Education	0	4,345	4,345
Regular Instruction	0	18	18
Summer School	12,554	0	12,554
Total Restricted	12,554	36,704	49,258
Committed to:			
Compensated Absences	312,394	0	312,394
Purchases on Order:			
Capital Improvements	1,414,936	0	1,414,936
Total Committed	1,727,330	0	1,727,330
Assigned to:			
Public School Support	4,608	0	4,608
Purchases on Order:			
Student Instruction	90,110	0	90,110
Support Services	454,739	0	454,739
Extracurricular Activities	584	0	584
Capital Improvements	74,704	0	74,704
Fiscal Year 2018 Operations	3,572,154	0	3,572,154
Total Assigned	4,196,899	0	4,196,899
Unassigned (Deficit)	22,813,371	(107,609)	22,705,762
Total Fund Balances (Deficit)	$28,826,309	($69,301)	$28,757,008

Note 6 – Budgetary Basis of Accounting

While the Center is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance − budget (non-GAAP basis) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

3. Investments reported at cost (budget basis) rather than fair value (GAAP basis).

4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).

5. Budgetary revenues and expenditures of the uniform school supplies, rotary – special services, and public school support funds are reclassified to the general fund for GAAP reporting.

6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance

GAAP Basis	($268,038)
Net Adjustment for Revenue Accruals	54,829
Advances In	85,259
Beginning Fair Value Adjustment for Investments	57,017
Ending Fair Value Adjustment for Investments	128,601
Net Adjustment for Expenditure Accruals	75,655
Advances Out	(281,273)
Perspective Differences:	
Uniform School Supplies	(244)
Rotary – Special Services	(7,201)
Public School Support	(96)
Encumbrances	(2,114,599)
Budget Basis	($2,270,090)

Note 7 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other 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 obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

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

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

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

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

8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$134,351 of the Center's bank balance of \$1,624,086 was uninsured and uncollateralized. Although the securities were held by the pledging financial 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.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Center or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured. Effective July 1, 2017, the Ohio Pooled Collateral System (OPCS) was implemented by the Office of the Ohio Treasurer of State. Financial institutions can elect to participate in the OPCS and will collateralize at one hundred and two percent or a rate set by the Treasurer of State. Financial institutions opting not to participate in OPCS will collateralize utilizing the specific pledge method at one hundred and five percent.

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	$7,556,017	45.5 days	AAAm	N/A
Fair Value - Level 2 Inputs:				
Federal National Mortgage Association Notes	4,142,157	Less than five years	AA+	15.40 %
Federal Home Loan Mortgage Corporation Notes	3,538,968	Less than five years	AA+	13.16
Federal Home Loan Bank Notes	2,084,331	Less than three years	AA+	7.75
Federal Farm Credit Bank Notes	1,493,059	Less than five years	AA+	5.55
Federal Farm Credit Bank Discount Note	163,155	Less than one year	A-1+	0.61
Commercial Paper:				
Bank of Tokyo - Mitsubishi	1,400,000	Less than one year	A-1	5.21
JP Morgan	1,391,332	Less than one year	A-1	5.17
BNP Paribas Fortis	1,384,964	Less than one year	A-1	5.15
Toyota Motor Credit Company	1,384,964	Less than one year	A-1+	5.15
Canadian Imperial Holdings	1,017,036	Less than one year	A-1	3.78
General Electric Capital Corporation	869,505	Less than one year	A-1+	3.23
Coca Cola Company	357,793	Less than one year	A-1+	1.33
Abbey National Treasury	108,819	Less than one year	A-1	0.40
Total Fair Value - Level 2 Inputs	19,336,083			
Total Investments	$26,892,100			

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

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

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 National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes, Federal Farm Credit Bank Discount Note, and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The Center has no investment policy dealing with the 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.

Credit Risk All investments of the Center carry a rating of AAAm, AA+, A-1+, or A-1 by Standard and Poor's. The Center does not have an investment policy that addresses credit risk.

Concentration of Credit Risk The Center places no limit on the amount it may invest in any one issuer.

Note 8 – Receivables

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

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Vocational Education Grant	$43,264
Adult Basic Education Grant	21,969
Bureau of Workers' Compensation Rebate	13,092
Total	$78,325

Note 9 – Property Taxes

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

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

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

The Center receives property taxes from Portage and Summit Counties. The County Auditor and Fiscal Officer periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance in the general fund was $1,363,664 at June 30, 2017, and $1,408,179 at June 30, 2016. The difference was in the timing and collection by the County Auditors.

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

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

	2016 Second Half Collections		2017 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$1,799,280,360	77.93 %	$1,810,491,800	77.44 %
Commercial/Industrial/Public Utility	413,917,745	17.92	416,506,200	17.82
Tangible Personal Property:				
Public Utility	95,763,820	4.15	110,907,390	4.74
Total	$2,308,961,925	100.00 %	$2,337,905,390	100.00 %
Tax rate per $1,000 of assessed valuation	$4.00		$4.00	

Tax Abatements

The Center's property taxes were reduced as follows under community reinvestment area and enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2017 Taxes Abated
Community Reinvestment Areas:	
City of Tallmadge	$14,495
Suffield Township	390
Total	$14,885
Enterprise Zone Tax Exemptions:	
City of Streetsboro	$26,723
Brimfield Township	15,986
City of Ravenna	1,843
Total	$44,552

Note 10 – Capital Assets

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

	Balance 6/30/16	Additions	Reductions	Balance 6/30/17
Governmental Activities:				
Capital assets not being depreciated				
Land	$140,600	$0	$0	$140,600
Construction in progress	0	253,011	0	253,011
Total capital assets not being depreciated	140,600	253,011	0	393,611
Capital assets being depreciated				
Buildings and improvements	20,726,388	1,883,660	(237,200)	22,372,848
Furniture, fixtures and equipment	3,229,536	222,955	(128,007)	3,324,484
Vehicles	462,157	168,152	(64,760)	565,549
Total capital assets being depreciated	24,418,081	2,274,767	(429,967)	26,262,881
Accumulated depreciation				
Buildings and improvements	(10,568,526)	(1,049,710)	184,011	(11,434,225)
Furniture, fixtures and equipment	(2,506,384)	(226,514)	104,772	(2,628,126)
Vehicles	(354,643)	(31,762)	60,501	(325,904)
Total accumulated depreciation	(13,429,553)	(1,307,986) *	349,284	(14,388,255)
Capital assets being depreciated, net	10,988,528	966,781	(80,683)	11,874,626
Governmental activities capital assets, net	$11,129,128	$1,219,792	($80,683)	$12,268,237

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$66,417
Vocational	1,145,011
Adult/Continuing	12,373
Support Services:	
Pupil	6,778
Instructional Staff	13,903
Board of Education	882
Administration	4,905
Fiscal	1,817
Operation and Maintenance of Plant	13,745
Pupil Transportation	8,902
Operation of Non-Instructional Services	28,671
Operation of Food Services	4,582
Total Depreciation Expense	$1,307,986

Note 11 – Assets Held for Resale

Assets held for resale represents home lots purchased by and donated to the Center, which will be sold with student-built houses. At June 30, 2017, the Center had two lots held for resale with a value of $16,800.

Note 12 – Risk Management

Property and Liability Insurance

The Center maintains comprehensive insurance coverage with a private carrier, Hylant Administrative Services, LLC. Hylant Administrative Services is the insurer for the Ohio School Plan, an insurance pool of approximately 300 members. Real property, building contents and vehicles are also maintained with Hylant Administrative Services and the Ohio School Plan. Payments for coverages are made directly to Hylant Administrative Services. Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Workers' Compensation

For fiscal year 2017, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, A Sedgwick CMS Company, provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The Center is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 22), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the Center were to withdraw from the pool. If the reserve would not cover such claims, the Center would be liable for any costs above the reserve.

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.

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

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

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

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

One year after an effective benefit date, a benefit recipient is entitled to a 3 percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The Center's contractually required contribution to SERS was $206,571 for fiscal year 2017. Of this amount $4,279 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

The Center's contractually required contribution to STRS was $658,012 for fiscal year 2017. Of this amount $85,240 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.04478510%	0.04337660%	
Proportion of the Net Pension Liability Current Measurement Date	0.04777110%	0.04206433%	
Change in Proportionate Share	0.00298600%	-0.00131227%	
Proportionate Share of the Net Pension Liability	$3,496,404	$14,080,199	$17,576,603
Pension Expense	$375,650	$938,992	$1,314,642

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$47,158	$568,908	$616,066
Changes of assumptions	233,404	0	233,404
Net difference between projected and actual earnings on pension plan investments	288,403	1,169,035	1,457,438
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	126,771	0	126,771
Center contributions subsequent to the measurement date	206,571	658,012	864,583
Total Deferred Outflows of Resources	$902,307	$2,395,955	$3,298,262
Deferred Inflows of Resources			
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	$73,673	$384,308	$457,981

$864,583 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 fiscal 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	$154,394	$171,939	$326,333
2019	154,187	171,940	326,127
2020	230,578	620,529	851,107
2021	82,904	389,227	472,131
Total	$622,063	$1,353,635	$1,975,698

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, compared with June 30, 2015, are presented as follows:

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

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

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

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

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

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

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what 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 (6.50 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	$4,629,021	$3,496,404	$2,548,356

Actuarial Assumptions – STRS

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

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

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

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

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

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

* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent, and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described 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 of future plan members, are excluded. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Center's proportionate share of the net pension liability	$18,711,441	$14,080,199	$10,173,474

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 the Center's net pension liability is expected to be significant.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2017, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 14 – Postemployment Benefits

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. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrator and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2017, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2017, this amount was $23,500. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS covered payroll for the health care surcharge. For fiscal year 2017, the Center's surcharge obligation was $18,145.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were $18,145, $17,215, and $23,561, respectively. For fiscal year 2017, none has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

State Teachers Retirement System

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

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

Note 15 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Classified employees' vacation that is accrued in one fiscal year must be used by the end of the following fiscal year. Administrators may accrue a maximum of ten days of vacation time from one year to the next. Administrators, other than the Superintendent, may be paid annually for up to five days of unused vacation time in excess of the ten days maximum accrual. The Superintendent may be paid annually for up to ten days of unused vacation time in excess of the ten days maximum accrual. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to fifty percent of accumulated sick days not to exceed 170 days. The total maximum payment is for 85 days.

Note 16 – Long-Term Obligations

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

	Amount Outstanding 06/30/16	Additions	Reductions	Amount Outstanding 06/30/17	Amount Due in One Year
Governmental Activities					
Net Pension Liability:					
SERS	$2,555,481	$940,923	$0	$3,496,404	$0
STRS	11,988,023	2,092,176	0	14,080,199	0
Total Net Pension Liability	14,543,504	3,033,099	0	17,576,603	0
Compensated Absences	1,069,852	163,556	(80,828)	1,152,580	76,337
Total Governmental Activities Long-Term Liabilities	$15,613,356	$3,196,655	($80,828)	$18,729,183	$76,337

There is no repayment schedule for the net pension liability. However, employer pension contributions are made from the following funds: the general fund, the food service, adult education, adult basic education, and vocational education special revenue funds. For additional information related to the net pension liability, see Note 13. Compensated absences will be paid from the general fund and the food service and adult education special revenue funds.

The Center's overall legal debt margin was $210,411,485 with an unvoted debt margin of $2,337,905 at June 30, 2017.

Note 17 – Operating Lease

During fiscal year 2017, the Center entered into an operating lease with Lake Business Products for ten copiers. The Center paid $26,827 for the lease in fiscal year 2017. The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2017:

Fiscal Year	Amount
2018	$27,015
2019	27,015
2020	27,015
2021	27,015
Total	$108,060

Note 18 – Contingencies

Grants

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

Foundation Funding

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

Litigation

The Center was a defendant in a lawsuit filed in June 2016. The plaintiff voluntarily dismissed the suit in July 2016. The dollar amount of the lawsuit was immaterial and did not affect financial statement amounts or require detail disclosure.

Note 19 – Interfund Balances

Interfund balances at June 30, 2017, consisted of the following:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Adult Education	$138,000
Adult Basic Education	50,000
Vocational Education	33,000
Improving Teacher Quality	1,960
Miscellaneous Federal Grants	58,313
Total	$281,273

Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid.

Note 20 – Set-Asides

The Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2017, all funds placed in the budget stabilization fund since its inception in 1998 continue to be set-aside.

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

	Budget Stabilization	Capital Improvements
Set-Aside Balance as of June 30, 2016	$223,362	$0
Current Year Set-Aside Requirement	0	99,893
Qualifying Disbursements	0	(99,893)
Total	$223,362	$0
Set-Aside Balance Carried Forward to Future Fiscal Years	$223,362	$0
Set-Aside Balance as of June 30, 2017	$223,362	$0

The total balance for the two set-asides at the end of the fiscal year was $223,362.

Note 21 – Jointly Governed Organization

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONet) is the computer service organization or Data Acquisition Site (DAS) used by the Center. NEONet is a jointly governed organization among twenty-three school districts, three career centers, and the Summit and Medina County Educational Service Centers. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The Career Center does not retain an ongoing financial interest or an ongoing financial responsibility in NEONet. During the current fiscal year, the Career Center made $114,414 in payments to NEONet. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, OH 44221.

Note 22 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area Schools Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting mainly of school districts within Portage County, while also including school districts in other northeast and southeast Ohio counties. The Consortium is a stand-alone entity, composed of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 23 – Significant Commitments

Contractual Commitments

The Center had the following contractual commitments outstanding at June 30, 2017:

Project	Contract Amount	Amount Paid	Remaining on Contract
Asphalt Paving	$1,484,521	$92,049	$1,392,472

Encumbrances

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

General Fund	$2,114,599
Other Governmental Funds	22,016
Total Governmental Funds	$2,136,615

Maplewood Career Center

Required Supplementary Information

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

School Employees Retirement System of Ohio

*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.0477711%	0.0447851%	0.0472210%	0.0472210%
Center's Proportionate Share of the Net Pension Liability	$3,496,404	$2,555,481	$2,389,827	$2,808,081
Center's Covered Payroll	$1,489,814	$1,346,671	$1,373,643	$1,411,725
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	234.69%	189.76%	173.98%	198.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

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

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

Maplewood Career Center

Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2017	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.04206433%	0.04337660%	0.04381959%	0.04381959%
Center's Proportionate Share of the Net Pension Liability	$14,080,199	$11,988,023	$10,658,441	$12,696,265
Center's Covered Payroll	$4,504,000	$4,471,936	$4,500,907	$4,767,469
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	312.62%	268.07%	236.81%	266.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

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

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

Maplewood Career Center

Required Supplementary Information
Schedule of Center Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$206,571	$208,574	$177,491	$190,387
Contributions in Relation to the Contractually Required Contribution	(206,571)	(208,574)	(177,491)	(190,387)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll	$1,475,507	$1,489,814	$1,346,671	$1,373,643
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.18%	13.86%

2013	2012	2011	2010	2009	2008
$195,383	$194,140	$178,324	$186,614	$130,515	$123,463
(195,383)	(194,140)	(178,324)	(186,614)	(130,515)	(123,463)
$0	$0	$0	$0	$0	$0
$1,411,725	$1,443,417	$1,418,645	$1,378,239	$1,326,370	$1,257,260
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Maplewood Career Center

Required Supplementary Information

Schedule of Center Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2017	2016	2015	2014
Contractually Required Contribution	$658,012	$630,560	$626,071	$585,118
Contributions in Relation to the Contractually Required Contribution	(658,012)	(630,560)	(626,071)	(585,118)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll	$4,700,086	$4,504,000	$4,471,936	$4,500,907
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%

2013	2012	2011	2010	2009	2008
$619,771	$665,640	$660,085	$647,394	$629,951	$613,517
(619,771)	(665,640)	(660,085)	(647,394)	(629,951)	(613,517)
$0	$0	$0	$0	$0	$0
$4,767,469	$5,120,308	$5,077,577	$4,979,954	$4,845,777	$4,719,362
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Changes in Assumptions – SERS

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

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

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

It is a privilege to present to you the financial picture of the Maplewood Career Center. This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2016. 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 the 2016 fiscal year are as follows:

- Certified, classified, and administrative staff received a 2.75 percent base salary increase in fiscal year 2016, and they will receive a 2.25 percent increase in fiscal year 2017 and a 2 percent increase in fiscal year 2018.

- The Center completed projects started in fiscal year 2015. Perimeter entryways, sidewalks and curbs were replaced on the northern and eastern sides of the building. New drainage patterns were established and installed. Tuck pointing was done to the exterior walls of the building. Lintels were repaired above the exterior doors. A welding bottle storage area was refurbished, placing it at ground level. Lab floors in the Power Equipment, Auto Service Technology, and Auto Collision labs were repaired and resurfaced with an epoxy and urethane covering.

- Projects were started in fiscal year 2016 that will be completed in fiscal year 2017. Approximately 200,000 square feet of asphalt will be removed and replaced. Concrete curbing, walks, light poles, and signs will be installed along with landscaping to the site. An enclosed garage storage building for lawn care equipment and Center-owned vehicles will be constructed. No hazardous materials will be stored in the storage building. It will be one story and approximately 5,800 square feet.

- The Animal Science program opened to juniors for fiscal year 2015. Both juniors and seniors attended in fiscal year 2016. The Center continues to research new programming options, but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education.

Using this Financial Report

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 79-107 of this report.

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's *net position* and changes in the 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, the Center's performance, required educational programs, demographic and socioeconomic factors, the willingness of the community to support the Center and other factors.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental fund begins on page 65. Fund financial reports provide detailed information about the Center's major fund. 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 fund. The Center's only major governmental fund is the general fund.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Center's programs. These funds use the accrual basis of accounting.

The Center as a Whole

You may recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a comparison of the Center's net position for fiscal year 2016 compared to 2015:

Table 1
Net Position

	Governmental Activites		
	2016	2015	Change
Assets			
Current and Other Assets	$35,478,459	$33,745,726	$1,732,733
Capital Assets, Net	11,129,128	11,450,671	(321,543)
Total Assets	46,607,587	45,196,397	1,411,190
Deferred Outflows of Resources			
Pension	1,426,785	926,513	500,272
Liabilities			
Current Liabilities	929,310	1,018,939	89,629
Long-Term Liabilities:			
Due Within One Year	80,828	76,832	(3,996)
Due in More Than One Year:			
Net Pension Liability	14,543,504	13,048,268	(1,495,236)
Other Amounts	989,024	966,957	(22,067)
Total Liabilities	16,542,666	15,110,996	(1,431,670)
Deferred Inflows of Resources			
Property Taxes	5,069,410	5,593,574	524,164
Pension	1,169,544	2,359,728	1,190,184
Total Deferred Inflows of Resources	6,238,954	7,953,302	1,714,348
Net Position			
Net Investment in Capital Assets	11,129,128	11,450,671	(321,543)
Restricted	83,129	35,146	47,983
Unrestricted	14,040,495	11,572,795	2,467,700
Total Net Position	$25,252,752	$23,058,612	$2,194,140

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2016, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27." 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.

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

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained 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.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position. Unrestricted net position primarily contributed to this increase. Current assets increased mainly due to an increase in equity in pooled cash and cash equivalents, which was primarily due to the general fund revenues outpacing expenditures, despite a small decrease in revenues and an increase in expenditures. The increase in general fund expenditures was mainly seen in increases in vocational instruction and capital outlay expenditures due to negotiated salary increases, increases in health care costs, finishing the animal science lab construction, and the purchase of additional educational materials for the animal science program. Long-term liabilities increased mainly due to an increase in the net pension liability, and deferred inflows of resources decreased primarily due to a decrease in the deferred inflows related to pension.

Table 2 shows the changes in net position for fiscal year 2016 compared to fiscal year 2015.

Table 2
Change in Net Position
Governmental Activities

	2016	2015	Change
Revenues			
Program Revenues			
Charges for Services	$633,448	$609,619	$23,829
Operating Grants, Contributions, and Interest	1,397,370	1,449,983	(52,613)
Total Program Revenues	2,030,818	2,059,602	(28,784)
General Revenues			
Property Taxes	7,111,388	5,838,326	1,273,062
Grants and Entitlements	4,580,826	4,819,079	(238,253)
Unrestricted Contributions	918	3,097	(2,179)
Investment Earnings	281,100	171,107	109,993
Miscellaneous	65,345	75,868	(10,523)
Total General Revenues	12,039,577	10,907,477	1,132,100
Total Revenues	14,070,395	12,967,079	1,103,316
Program Expenses			
Instruction:			
Regular	1,272,702	1,329,970	57,268
Vocational	5,011,000	4,944,370	(66,630)
Adult/Continuing	240,899	276,453	35,554
Support Services:			
Pupil	1,108,957	1,080,180	(28,777)
Instructional Staff	566,525	502,867	(63,658)
Board of Education	133,299	105,030	(28,269)
Administration	847,801	786,199	(61,602)
Fiscal	572,664	562,535	(10,129)
Business	275,396	250,640	(24,756)
Operation and Maintenance of Plant	1,177,612	1,195,432	17,820
Pupil Transportation	13,578	19,162	5,584
Central	326,643	328,899	2,256
Operation of Non-Instructional Services	45,371	54,256	8,885
Operation of Food Services	262,117	261,406	(711)
Extracurricular Activities	21,691	19,706	(1,985)
Total Program Expenses	11,876,255	11,717,105	(159,150)
Change in Net Position	2,194,140	1,249,974	944,166
Net Position Beginning of Year	23,058,612	21,808,638	1,249,974
Net Position End of Year	$25,252,752	$23,058,612	$2,194,140

Governmental Activities

Net position of the Center's governmental activities increased in fiscal year 2016 due to an increase in property tax revenue, while expenses remained comparable with the prior fiscal year's expenses. The increase in property taxes is due to differences in the timing and collections of taxes by the County Auditors. The primary sources of revenue for the Center are derived from property taxes and grants and entitlements revenue. These two revenue sources represent 83.10 percent of the total revenue. Property taxes, alone, represent 50.54 percent of revenues. The remaining 49.46 percent of revenue is from program revenues, State foundation, donations, interest, and miscellaneous local sources.

A State law, enacted in 1976, does not allow for tax revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 4 mills. The reduced or effective millage in fiscal year 2016 was 3.091983 mills for Residential/Agricultural property and 3.393926 mills for Commercial/Industrial property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Table 3

Year Ending	Portage County	Summit County	Total Valuation	Growth Rate
2016	$2,252,618,385	$56,343,540	$2,308,961,925	2.72 %
2015	2,190,879,120	56,869,740	2,247,748,860	0.44
2014	2,181,580,620	56,230,880	2,237,811,500	1.21
2013	2,154,881,120	56,190,650	2,211,071,770	(3.76)
2012	2,241,339,510	56,110,980	2,297,450,490	(0.62)
2011	2,249,316,830	62,353,560	2,311,670,390	0.11
2010	2,247,875,525	61,166,880	2,309,042,405	(2.20)
2009	2,300,090,760	60,988,046	2,361,078,806	(1.14)
2008	2,319,596,103	68,824,430	2,388,420,533	0.07
2007	2,310,725,427	76,099,634	2,386,825,061	7.40

The average rate of growth over the last 10 years is 0.42 percent.

Although the amount of State funding per pupil has risen slightly over the past several years, the Center has not received this increase due in part to the funding formula called transitional aid guarantee. Being on the transitional aid guarantee means that the Center is guaranteed not to go below a certain amount of foundation funding and thus the number of pupils and funding per pupil is no longer impacting the funding equation. House Bill 64, the State's biennial budget for fiscal years 2016 and 2017, changed the formula for joint vocational schools. The per pupil funding amount was $5,900 for fiscal year 2016 and $6,000 for fiscal year 2017. The formula maintains a transitional aide guarantee, but it is now based on total funding, which has reduced unrestricted funding and increased restricted funding for the Center.

Expenses remained fairly comparable with fiscal year 2015. Fiscal year 2016 program revenues covered 17.10 percent of program expenses overall. The remaining 82.90 percent is supported through tax revenues and other general revenues. In fiscal year 2016, however, revenues totaled 118.48 percent of expenses, resulting in an increase in net position of $2,194,140.

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

Table 4
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015
Program Expenses				
Instruction:				
Regular	$1,272,702	$1,250,893	$1,329,970	$1,238,426
Vocational	5,011,000	3,967,401	4,944,370	3,882,285
Adult/Continuing	240,899	4,520	276,453	50,829
Support Services:				
Pupil	1,108,957	953,765	1,080,180	912,389
Instructional Staff	566,525	551,636	502,867	470,866
Board of Education	133,299	130,940	105,030	102,199
Administration	847,801	629,934	786,199	676,429
Fiscal	572,664	546,369	562,535	520,970
Business	275,396	270,346	250,640	243,723
Operation and Maintenance of Plant	1,177,612	1,156,599	1,195,432	1,161,230
Pupil Transportation	13,578	13,488	19,162	18,893
Central	326,643	318,714	328,899	318,126
Operation of Non-Instructional Services	45,371	45,371	54,256	53,540
Operation of Food Services	262,117	(1,852)	261,406	3,560
Extracurricular Activities	21,691	7,313	19,706	4,038
Total	$11,876,255	$9,845,437	$11,717,105	$9,657,503

As one can see, the reliance upon local tax revenues for the governmental activities is crucial. Local property taxes directly support 59.88 percent of expenses. Grants and entitlements not restricted to specific programs support 38.57 percent while program revenues, unrestricted contributions, investment earnings and other miscellaneous types of revenues support the remaining activity costs.

The Center's Funds

The Center's governmental funds (as presented on the balance sheet on page 71) reported a combined fund balance of $29,151,129, an increase of $2,338,497 from fiscal year 2015.

General Fund

The general fund balance increased by $1,705,552 in fiscal year 2016. The increase in fund balance can be attributed to a significant increase in revenues that exceeded the increase in expenditures. The increase in revenues can be attributed to the increase in property tax revenues which was due to differences in timing and collection by the County Auditors.

Budgeting Highlights

The Center's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In fiscal year 2016, all funds were appropriated at the fund level.

In fiscal year 2016, the Center adopted its appropriations prior to October 1, 2015, and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues, including other financing sources, were $12,785,967, a decrease of $230,839 from the original estimate. Total actual revenues were more than final estimated revenues mainly due to higher than expected property tax revenues and advances in.

General fund final appropriations, including other financing uses, of $16,267,075 were $62,500 more than the original appropriations. The Center's budget for instruction totaled 37.39 percent of general fund final appropriations; support services 39.84 percent; capital outlay 17.56 percent; and all other expenditures and transfers/advances made up the remaining 5.21 percent. Final appropriations exceeded actual expenditures by $2,299,292. This difference was due to the Center appropriating for the entirety of projects and by fiscal year end not all of the projects had been completed, and also from salaries, benefits, purchased services, supplies, and equipment coming in lower than original predictions.

Capital Assets and Debt Administration

Capital Assets

The following table shows fiscal year 2016 balances compared to fiscal year 2015.

Table 5
Capital Assets at June 30
(Net of Accumulated Depreciation)

	Governmental Activities	
	2016	2015
Land	$140,600	$140,600
Buildings and Improvements	10,167,062	10,601,012
Furniture, Fixtures and Equipment	713,952	665,788
Vehicles	107,514	43,271
Total Capital Assets	$11,129,128	$11,450,671

Capital assets net of depreciation decreased by $321,543 overall, which was mainly due to depreciation outpacing capital outlays during fiscal year 2016.

The Center's capitalization threshold for capital assets was set at $5,000. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt Administration

At June 30, 2016, the Center had no outstanding bonded long-term debt. The long-term liabilities listed in Table 1 are those accumulated for compensated absences and for the Center's net pension liability. For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The vision of the Maplewood Career Center is to prepare learners to be productive, responsible, and successful members of society. Through progressive curriculum and dynamic hands-on learning, the Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. The Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

The mission of the Center is to prepare all students to meet, to the best of their abilities, the career/technical, academic, social, cultural, current and future needs of the community. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics and meet their obligations as citizens in a democratic and global society.

Keeping current is an ongoing challenge for the Center, where success is measured by graduate employment. As part of the Center's mission to provide relevant career technical programs that meet the needs of its students and its communities, medical and dental assisting were added at the beginning of fiscal year 2009, because those two fields were among the fastest growing career fields in the region. Also, at the beginning of fiscal year 2009, additional opportunities were added for students selecting auto service technology and cosmetology, doubling their capacity, since these programs have always been quickly filled. A new program titled Building and Property Maintenance was added, as well. These programs were fully operational with both juniors and seniors in fiscal year 2010. Unfortunately, the Building and Property Maintenance program was eliminated due to low enrollment at the end of the 2012 fiscal year. The previous Horticulture laboratory was renovated into an Animal Science laboratory over the summer of 2014. Animal Science was added in the fall of 2014 for juniors and was offered to both juniors and seniors in fiscal year 2016. It is at maximum capacity with students on a waiting list to enter. The Administrative and Medical Terminology program was closed at the end of the 2014 year and the Computer Aided Engineering program was closed at the end of the 2015 fiscal year. The Center continues to research new programming options but is limited by the availability of high bay laboratory space. New programming options are also limited to those that would lead to the opportunity for immediate work or pursuit of additional education. The Center will continue to assess the needs of the students and communities and make changes and additions to programs in the future.

The adult education program assists individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, keep abreast of technological developments, and to develop competencies in areas of need and workforce development and personal interest. The job training and re-training needs of area adults are important concerns to the Center's adult education department. The Center offers Welding Technologies as a long-term adult education training program. It is a program most requested by area employers. The program is affordable, in depth, and most importantly, graduates are certified and ready to step into a job. In the summer and fall of 2015, the Center worked with area manufacturing businesses to start an Industrial Maintenance program. The program includes modules for electrical, fluid power, and mechanical. Area manufacturing businesses send employees to take the classes and receive certifications. The classes are also open to individuals.

In order to meet the goals mentioned above, it is imperative that the Center's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years. The Center has achieved a large measure of financial stability and forecasts a continuation of that stability throughout the five years of the required forecast period prior to a levy renewal or replacement being requested of its voters. Administrators and staff are cognizant of the vulnerability of this stability and the Board of Education and Administration continue to closely monitor both revenues and expenses. The Board of Education and Administration plan to maintain the current facility indefinitely and as a result must upgrade and maintain the facility in a manner distinctly different from many other school districts that are building or planning to build new facilities.

Contacting the Center's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Michelle Seckman, Treasurer, Maplewood Career Center, 7075 State Route 88, Ravenna, Ohio 44266. You may also contact the Treasurer by phone at (330) 296-2892, extension 551005, or by e-mail at seckmanmi@mwood.cc.

Maplewood Career Center

Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$28,423,764
Intergovernmental Receivable	77,424
Accrued Interest Receivable	54,248
Prepaid Items	56,609
Materials and Supplies Inventory	949
Inventory Held for Resale	6,144
Property Taxes Receivable	6,842,521
Assets Held for Resale	16,800
Nondepreciable Capital Assets	140,600
Depreciable Capital Assets, Net	10,988,528
Total Assets	46,607,587
Deferred Outflows of Resources	
Pension	1,426,785
Liabilities	
Accounts Payable	35,845
Accrued Wages and Benefits Payable	705,716
Vacation Benefits Payable	57,983
Intergovernmental Payable	129,766
Long-Term Liabilities:	
Due Within One Year	80,828
Due in More Than One Year:	
Net Pension Liability (See Note 13)	14,543,504
Other Amounts Due in More Than One Year	989,024
Total Liabilities	16,542,666
Deferred Inflows of Resources	
Property Taxes	5,069,410
Pension	1,169,544
Total Deferred Inflows of Resources	6,238,954
Net Position	
Net Investment in Capital Assets	11,129,128
Restricted for:	
Food Service Operations	38,282
Other Purposes	44,847
Unrestricted	14,040,495
Total Net Position	$25,252,752

See accompanying notes to the basic financial statements

Maplewood Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2016

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$1,272,702	$21,809	$0	($1,250,893)
Vocational	5,011,000	194,687	848,912	(3,967,401)
Adult/Continuing	240,899	58,384	177,995	(4,520)
Support Services:				
Pupil	1,108,957	33,951	121,241	(953,765)
Instructional Staff	566,525	9,862	5,027	(551,636)
Board of Education	133,299	2,359	0	(130,940)
Administration	847,801	150,529	67,338	(629,934)
Fiscal	572,664	10,018	16,277	(546,369)
Business	275,396	5,050	0	(270,346)
Operation and Maintenance of Plant	1,177,612	21,013	0	(1,156,599)
Pupil Transportation	13,578	90	0	(13,488)
Central	326,643	6,103	1,826	(318,714)
Operation of Non-Instructional Services	45,371	0	0	(45,371)
Operation of Food Services	262,117	105,215	158,754	1,852
Extracurricular Activities	21,691	14,378	0	(7,313)
Total	$11,876,255	$633,448	$1,397,370	(9,845,437)

General Revenues	
Property Taxes Levied for General Purposes	7,111,388
Grants and Entitlements not Restricted to Specific Programs	4,580,826
Unrestricted Contributions	918
Investment Earnings	281,100
Miscellaneous	65,345
Total General Revenues	12,039,577
Change in Net Position	2,194,140
Net Position Beginning of Year	23,058,612
Net Position End of Year	$25,252,752

See accompanying notes to the basic financial statements

Maplewood Career Center

Balance Sheet

Governmental Funds

June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$28,035,074	$165,328	$28,200,402
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	223,362	0	223,362
Interfund Receivable	85,259	0	85,259
Accrued Interest Receivable	54,248	0	54,248
Intergovernmental Receivable	0	77,424	77,424
Prepaid Items	56,359	250	56,609
Materials and Supplies Inventory	0	949	949
Inventory Held for Resale	0	6,144	6,144
Property Taxes Receivable	6,842,521	0	6,842,521
Assets Held for Resale	16,800	0	16,800
Total Assets	$35,313,623	$250,095	$35,563,718
Liabilities			
Accounts Payable	$35,736	$109	$35,845
Accrued Wages and Benefits Payable	642,163	63,553	705,716
Intergovernmental Payable	107,035	22,731	129,766
Interfund Payable	0	85,259	85,259
Total Liabilities	784,934	171,652	956,586
Deferred Inflows of Resources			
Property Taxes	5,069,410	0	5,069,410
Unavailable Revenue	364,932	21,661	386,593
Total Deferred Inflows of Resources	5,434,342	21,661	5,456,003
Fund Balances			
Nonspendable	73,159	1,199	74,358
Restricted	12,584	71,861	84,445
Committed	2,044,301	0	2,044,301
Assigned	3,851,870	0	3,851,870
Unassigned (Deficit)	23,112,433	(16,278)	23,096,155
Total Fund Balances	29,094,347	56,782	29,151,129
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$35,313,623	$250,095	$35,563,718

See accompanying notes to the basic financial statements

Maplewood Career Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2016

Total Governmental Funds Balances		$29,151,129
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,129,128
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	364,932	
Intergovernmental	21,661	
Total		386,593
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(57,983)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		(1,069,852)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred Outflows - Pension	1,426,785	
Deferred Inflows - Pension	(1,169,544)	
Net Pension Liability	(14,543,504)	
Total		(14,286,263)
Net Position of Governmental Activities		$25,252,752

See accompanying notes to the basic financial statements

Maplewood Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$7,120,872	$0	$7,120,872
Intergovernmental	5,264,388	703,913	5,968,301
Interest	281,100	114	281,214
Tuition and Fees	199,185	211,943	411,128
Rentals	13,995	0	13,995
Contributions and Donations	918	0	918
Charges for Services	103,110	105,215	208,325
Miscellaneous	56,119	9,226	65,345
Total Revenues	13,039,687	1,030,411	14,070,098
Expenditures			
Current:			
Instruction:			
Regular	1,199,345	0	1,199,345
Vocational	3,899,534	171,068	4,070,602
Adult/Continuing	1,957	232,053	234,010
Support Services:			
Pupil	982,828	134,983	1,117,811
Instructional Staff	549,912	5,011	554,923
Board of Education	133,398	0	133,398
Administration	666,147	197,907	864,054
Fiscal	568,239	16,197	584,436
Business	283,676	0	283,676
Operation and Maintenance of Plant	1,233,759	0	1,233,759
Pupil Transportation	5,124	0	5,124
Central	329,527	2,060	331,587
Operation of Non-Instructional Services	23,498	0	23,498
Operation of Food Services	14,504	263,187	277,691
Extracurricular Activities	21,691	0	21,691
Capital Outlay	795,996	0	795,996
Total Expenditures	10,709,135	1,022,466	11,731,601
Excess of Revenues Over Expenditures	2,330,552	7,945	2,338,497
Other Financing Sources (Uses)			
Transfers In	0	625,000	625,000
Transfers Out	(625,000)	0	(625,000)
Total Other Financing Sources (Uses)	(625,000)	625,000	0
Net Change in Fund Balances	1,705,552	632,945	2,338,497
Fund Balances (Deficit) Beginning of Year	27,388,795	(576,163)	26,812,632
Fund Balances End of Year	$29,094,347	$56,782	$29,151,129

See accompanying notes to the basic financial statements

Maplewood Career Center

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

For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds		$2,338,497
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Outlay	890,365	
Depreciation	(1,178,639)	
Total		(288,274)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(33,269)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(9,484)	
Intergovernmental	9,781	
Total		297
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated Absences	(26,063)	
Vacation Benefits Payable	7,732	
Total		(18,331)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		839,134
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(643,914)
Change in Net Position of Governmental Activities		$2,194,140

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$6,331,455	$6,384,731	$6,489,401	$104,670
Intergovernmental	5,500,727	5,286,870	5,266,140	(20,730)
Interest	217,750	154,500	130,630	(23,870)
Tuition and Fees	218,700	218,700	160,720	(57,980)
Rentals	13,600	13,445	14,120	675
Contributions and Donations	1,000	801	918	117
Charges for Services	4,500	4,171	12,269	8,098
Miscellaneous	30,500	24,175	58,288	34,113
Total Revenues	12,318,232	12,087,393	12,132,486	45,093
Expenditures				
Current:				
Instruction:				
Regular	1,340,443	1,343,857	1,197,267	146,590
Vocational	4,720,992	4,738,583	3,869,984	868,599
Support Services:				
Pupil	1,230,257	1,231,943	1,009,935	222,008
Instructional Staff	642,029	642,029	544,978	97,051
Board of Education	225,196	225,196	150,603	74,593
Administration	799,600	802,600	685,806	116,794
Fiscal	754,848	779,848	629,806	150,042
Business	300,514	300,514	284,249	16,265
Operation and Maintenance of Plant	2,044,570	2,049,570	1,593,877	455,693
Pupil Transportation	17,512	17,512	9,270	8,242
Central	431,447	431,919	359,798	72,121
Operation of Non-Instructional Services	25,201	23,498	23,498	0
Operation of Food Services	2,000	15,742	15,742	0
Extracurricular Activities	43,004	43,307	22,669	20,638
Capital Outlay	2,806,962	2,855,957	2,855,957	0
Total Expenditures	15,384,575	15,502,075	13,253,439	2,248,636
Excess of Revenues Under Expenditures	(3,066,343)	(3,414,682)	(1,120,953)	2,293,729
Other Financing Sources (Uses)				
Advances In	698,574	698,574	768,574	70,000
Advances Out	(720,000)	(95,000)	(85,259)	9,741
Transfers Out	(100,000)	(670,000)	(629,085)	40,915
Total Other Financing Sources (Uses)	(121,426)	(66,426)	54,230	120,656
Net Change in Fund Balance	(3,187,769)	(3,481,108)	(1,066,723)	2,414,385
Fund Balance Beginning of Year	25,565,832	25,565,832	25,565,832	0
Prior Year Encumbrances Appropriated	988,037	988,037	988,037	0
Fund Balance End of Year	$23,366,100	$23,072,761	$25,487,146	$2,414,385

See accompanying notes to the basic financial statements

Maplewood Career Center
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	$40,399	$90,453
Liabilities		
Due to Students	0	$90,453
Net Position		
Held in Trust for Scholarships	$40,399	

See accompanying notes to the basic financial statements

Maplewood Career Center

Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust
	Scholarship
Additions	
Contributions and Donations	$4,000
Interest	89
Miscellaneous	6,986
Total Additions	11,075
Deductions	
Scholarships Awarded	8,500
Change in Net Position	2,575
Net Position Beginning of Year	37,824
Net Position End of Year	$40,399

See accompanying notes to the basic financial statements

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Note 1 – Description of the Center and Reporting Entity

The Maplewood Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of eleven members appointed for three year terms. Each Board member is selected in their home district and then appointed to the Center's board. The Center provides educational services as authorized by State statute and Federal guidelines to the following school districts: Crestwood Local School District, Field Local School District, James A. Garfield Local School District, Mogadore Local School District, Ravenna Schools, Rootstown Local School District, Southeast Local School District, Streetsboro City School District, Waterloo Local School District, and Windham Exempted Village School District. Each of these school districts has one board member on the Center's Board of Education, except for Ravenna Schools which has two members. The Center employs 69 certified employees and 28 non-certified employees who provide services to 638 students and other community members.

Reporting Entity

The Center is considered to be a stand-alone government because it is a legally separate entity but does not have an elected board. The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the basic financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For the Center, this includes the agencies and departments that provide the following services: general operations, food service, and student related activities of the Center.

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

The Center participates in a jointly governed organization and two insurance purchasing pools. These organizations are the Northeast Ohio Network for Educational Technology, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Portage Area Schools Consortium. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the Center that are governmental and those that are considered business-type. The Center, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

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

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 9). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the

Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 72. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 13).

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

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

Budgetary Process

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

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

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

Cash and Investments

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

During fiscal year 2016, investments were limited to federal national mortgage association notes, federal home loan mortgage corporation notes, federal home loan bank notes, federal farm credit bank notes, commercial paper, United States Treasury notes, and STAR Ohio. Except STAR Ohio, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2016, 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 its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $50 million, requiring the excess amount to be transacted the following business day(s), but only to the $50 million limit. All accounts of the participant will be combined for these purposes.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to $281,100, which includes $1,522 assigned from other Center funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent amounts required by State statute to be set aside to create a budget stabilization balance. See Note 20 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Assets Held for Resale

Assets held for resale represent land purchased by the Center which will be sold with student-built houses.

Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40-60 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	5-15 years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the Center's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for employees after one year of service with the Center.

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

Accrued Liabilities and Long-Term Obligations

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

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

Pensions

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education or by State statute. State statue authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Center Board of Education assigned fund balance for public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2017 appropriated budget.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position restricted for other purposes includes summer school, vocational education programs, and other miscellaneous Federal grant programs.

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

Estimates

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

Note 3 – Change in Accounting Principles

For fiscal year 2016, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 72, "Fair Value Measurement and Application," GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments," GASB Statement No. 79, "Certain External Investment Pools and Pool Participants," and GASB Statement No. 82, "Pension Issues an Amendment of GASB Statements No. 67, No. 68 and No. 73."

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the Center's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 76 identifies – in the context of the current governmental financial reporting environment – the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with generally accepted accounting principles (GAAP) and the framework for selecting those principles. The implementation of this GASB pronouncement did not result in any changes to the Center's financial statements.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. The Center participates in STAR Ohio which implemented GASB Statement No. 79 for fiscal year 2016. The Center incorporated the corresponding GASB 79 guidance into the fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the Center's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 – Fund Deficits

Fund balances at June 30, 2016, included individual fund deficits in the adult basic education, vocational education, and miscellaneous federal grants special revenue funds in the amounts of $2,865, $13,277, and $31, respectively.

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

Note 5 – Fund Balances

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

Fund Balances	General	Other Governmental	Total
Nonspendable:			
Inventory	$0	$949	$949
Prepaids	56,359	250	56,609
Assets Held for Resale	16,800	0	16,800
Total Nonspendable	73,159	1,199	74,358
Restricted for:			
Food Service	0	44,426	44,426
Adult Education	0	27,435	27,435
Summer School	12,584	0	12,584
Total Restricted	12,584	71,861	84,445
Committed to:			
Compensated Absences	207,394	0	207,394
Capital Improvements	1,836,907	0	1,836,907
Total Committed	2,044,301	0	2,044,301
Assigned to:			
Public School Support	4,512	0	4,512
Purchases on Order:			
Student Instruction	101,030	0	101,030
Support Services	490,499	0	490,499
Extracurricular Activities	978	0	978
Capital Improvements	100,038	0	100,038
Fiscal Year 2017 Operations	3,154,813	0	3,154,813
Total Assigned	3,851,870	0	3,851,870
Unassigned (Deficit)	23,112,433	(16,278)	23,096,155
Total Fund Balances	$29,094,347	$56,782	$29,151,129

Note 6 – Budgetary Basis of Accounting

While the Center is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance − budget (non-GAAP basis) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

3. Investments reported at cost (budget basis) rather than fair value (GAAP basis).

4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).

5. Budgetary revenues and expenditures of the uniform school supplies, rotary – special services, and public school support funds are reclassified to the general fund for GAAP reporting.

6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	$1,705,552
Net Adjustment for Revenue Accruals	(681,456)
Advances In	768,574
Beginning Fair Value Adjustment for Investments	(39,205)
Ending Fair Value Adjustment for Investments	(57,017)
Net Adjustment for Expenditure Accruals	(104,994)
Advances Out	(85,259)
Perspective Differences:	
Uniform School Supplies	250
Rotary – Special Services	(13,101)
Public School Support	71
Encumbrances	(2,560,138)
Budget Basis	($1,066,723)

Note 7 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other 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 obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

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

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

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

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

8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, $22,139 of the Center's bank balance of $1,263,816 was uninsured and uncollateralized. Although the securities were held by the pledging financial 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.

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

Investments

Investments are reported at fair value. As of June 30, 2016, the Center had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
STAR Ohio	$7,918,134	48.6 days	AAAm	N/A
Fair Value				
Federal National Mortgage Association Notes	6,534,128	Less than five years	AA+	23.81 %
Federal Home Loan Mortgage Corporation Notes	3,716,318	Less than five years	AA+	13.54
Federal Home Loan Bank Notes	1,674,676	Less than five years	AA+	6.10
Federal Farm Credit Bank Notes	1,585,745	Less than three years	AA+	5.78
Toyota Motor Credit Company Commercial Paper	1,248,213	Less than one year	A-1+	4.55
BNP Paribas Fortis Commercial Paper	1,241,825	Less than one year	A-1	4.52
JP Morgan Commercial Paper	1,241,188	Less than one year	A-1	4.52
Abbot Laboratories Commercial Paper	969,612	Less than one year	A-1+	3.53
UBS Finance Delaware LLC Commercial Paper	864,014	Less than one year	A-1	3.15
United States Treasury Notes	450,486	Less than one year	AA+	1.64
Total Investments	$27,444,339			

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Center's recurring fair value measurements as of June 30, 2016. All of the Center's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

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

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 National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Farm Credit Bank Notes, commercial paper, and United States Treasury Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The Center has no investment policy dealing with the 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.

Credit Risk. All investments of the Center carry a rating of AAAm, AA+, A-1+, or A-1 by Standard and Poor's. The Center does not have an investment policy that addresses credit risk.

Concentration of Credit Risk. The Center places no limit on the amount it may invest in any one issuer.

Note 8 – Receivables

Receivables at June 30, 2016, consisted of taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Vocational Education Grant	$48,440
Adult Basic Education Grant	28,984
Total	$77,424

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center's parameters. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015, and are collected in calendar year 2016 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Center receives property taxes from Portage and Summit Counties. The County Auditor and Fiscal Officer periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2016, 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 to deferred inflows of resources – property taxes.

The amount available as an advance in the general fund was $1,408,179 at June 30, 2016, and $776,708 at June 30, 2015. The difference was in the timing and collection by the County Auditors.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Residential/Agricultural	$1,762,154,250	78.40 %	$1,799,997,270	77.96 %
Commercial/Industrial/Public Utility	399,053,540	17.75	413,200,835	17.89
Tangible Personal Property:				
Public Utility	86,541,070	3.85	95,763,820	4.15
Total	$2,247,748,860	100.00 %	$2,308,961,925	100.00 %
Tax rate per $1,000 of assessed valuation	$4.00		$4.00	

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 6/30/15	Additions	Reductions	Balance 6/30/16
Governmental Activities:				
Capital assets not being depreciated				
Land	$140,600	$0	$0	$140,600
Capital assets being depreciated				
Buildings and improvements	20,220,921	514,667	0	20,735,588
Furniture, fixtures and equipment	3,064,169	269,579	(113,412)	3,220,336
Vehicles	389,350	106,119	(33,312)	462,157
Total capital assets being depreciated	23,674,440	890,365	(146,724)	24,418,081
Accumulated depreciation				
Buildings and improvements	(9,619,909)	(948,617)	0	(10,568,526)
Furniture, fixtures and equipment	(2,398,381)	(204,128)	96,125	(2,506,384)
Vehicles	(346,079)	(25,894)	17,330	(354,643)
Total accumulated depreciation	(12,364,369)	(1,178,639) *	113,455	(13,429,553)
Capital assets being depreciated, net	11,310,071	(288,274)	(33,269)	10,988,528
Governmental activities capital assets, net	$11,450,671	($288,274)	($33,269)	$11,129,128

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$58,651
Vocational	1,028,945
Adult/Continuing	10,926
Support Services:	
Pupil	6,479
Instructional Staff	13,290
Board of Education	843
Administration	4,689
Fiscal	1,737
Operation and Maintenance of Plant	13,139
Pupil Transportation	8,510
Operation of Non-Instructional Services	26,848
Operation of Food Services	4,582
Total Depreciation Expense	$1,178,639

Note 11 – Assets Held for Resale

Assets held for resale represents home lots purchased by and donated to the Center, which will be sold with student-built houses. At June 30, 2016, the Center had two lots held for resale with a value of $16,800.

Note 12 – Risk Management

Property and Liability Insurance

The Center maintains comprehensive insurance coverage with a private carrier, Hylant Administrative Services, LLC. Hylant Administrative Services is the insurer for the Ohio School Plan, an insurance pool of approximately 300 members. Real property, building contents and vehicles are also maintained with Hylant Administrative Services and the Ohio School Plan. Payments for coverages are made directly to Hylant Administrative Services. Settled claims have not exceeded commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Workers' Compensation

For fiscal year 2016, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management, A Sedgwick CMS Company, provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The Center is a member of the Portage Area School Consortium Health and Welfare Insurance Pool (the Consortium), a shared risk pool (See Note 22), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the Center were to withdraw from the pool. If the reserve would not cover such claims, the Center would be liable for any costs above the reserve.

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.

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 fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 30 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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The Center's contractually required contribution to SERS was $208,574 for fiscal year 2016. Of this amount $3,461 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The Center's 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by 2 percent of the original base benefit. For members retiring August 1, 2013, or later, the first 2 percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with 5 years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with 5 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, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased 1 percent to 14 percent. The Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $630,560 for fiscal year 2016. Of this amount $82,749 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.04722100%	0.04381959%	
Proportion of the Net Pension Liability Current Measurement Date	0.04478510%	0.04337660%	
Change in Proportionate Share	-0.00243590%	-0.00044299%	
Proportionate Share of the Net Pension Liability	$2,555,481	$11,988,023	$14,543,504
Pension Expense	$127,393	$516,521	$643,914

At June 30, 2016, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$41,148	$546,503	$587,651
Center contributions subsequent to the measurement date	208,574	630,560	839,134
Total Deferred Outflows of Resources	$249,722	$1,177,063	$1,426,785
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$84,671	$862,166	$946,837
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	108,261	114,446	222,707
Total Deferred Inflows of Resources	$192,932	$976,612	$1,169,544

$839,134 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 fiscal year ending June 30, 2017. 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:			
2017	($65,337)	($223,173)	($288,510)
2018	(65,337)	(223,173)	(288,510)
2019	(65,532)	(223,173)	(288,705)
2020	44,422	239,410	283,832
Total	($151,784)	($430,109)	($581,893)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented as follows:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent, net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 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 7.75 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	$3,543,534	$2,555,481	$1,723,459

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses
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 are not set back for age 90 and above. Females younger than age 80 are set back four years, set back one year from age 80 through 89, and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

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

Asset Class	Target Allocation	10 Year Expected Nominal 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 %	

*10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. 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, 2015.

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	$16,652,269	$11,988,023	$8,043,709

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2016, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 14 – Postemployment Benefits

School Employees Retirement System

Health Care Plan Description – The Center contributes to the School Employees Retirement System (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, the 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 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 2016, no allocation of covered payroll 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 2016, this amount was $23,000. 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 2016, the Center's surcharge obligation was $17,215.

The Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $17,215, $23,561, and $14,542, respectively. The full amount has been contributed for fiscal years 2016, 2015, and 2014.

State Teachers Retirement System

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing multiple-employer defined benefit Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio 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 Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016, and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The Center's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were $0, $0, and $45,666, respectively. The full amount has been contributed for fiscal years 2016, 2015, and 2014.

Note 15 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Classified employees' vacation that is accrued in one fiscal year must be used by the end of the following fiscal year. Administrators may accrue a maximum of ten days of vacation time from one year to the next. Administrators may be paid annually for up to five days of unused vacation time in excess of the ten days maximum accrual. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to certified and classified employees upon retirement is limited to fifty percent of accumulated sick days not to exceed 170 days. The total maximum payment is for 85 days.

Note 16 – Long-Term Obligations

The changes in the Center's long-term obligations during fiscal year 2016 were as follows:

	Amount Outstanding 06/30/15	Additions	Reductions	Amount Outstanding 06/30/16	Amount Due in One Year
Governmental Activities					
Net Pension Liability:					
SERS	$2,389,827	$165,654	$0	$2,555,481	$0
STRS	10,658,441	1,329,582	0	11,988,023	0
Total Net Pension Liability	13,048,268	1,495,236	0	14,543,504	0
Compensated Absences	1,043,789	170,815	(144,752)	1,069,852	80,828
Total Governmental Activities Long-Term Liabilities	$14,092,057	$1,666,051	($144,752)	$15,613,356	$80,828

The Center pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the general fund and the food service and adult education special revenue funds.

The Center's overall legal debt margin was $207,806,573 with an unvoted debt margin of $2,308,962 at June 30, 2016.

Note 17 – Operating Lease

During fiscal year 2012, the Center entered into an operating lease with Lake Business Products for nine copiers. The Center paid $19,021 in principal and $359 in interest on the lease in fiscal year 2016. The following is a schedule by year of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of June 30, 2016:

Fiscal Year	Principal	Interest	Total Payments
2017	$1,611	$4	$1,615

Note 18 – Contingencies

Grants

The Center received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2016, if applicable, cannot be determined at this time.

School Foundation

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, joint vocational school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Center, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this may result in either a receivable to or a liability of the Center.

Litigation

The Center was a defendant in a lawsuit that carried over into fiscal year 2016. A settlement agreement was reached in July 2015. The Center was a defendant in another lawsuit filed in June 2016. The plaintiff voluntarily dismissed the suit in July 2016. The dollar amount of the lawsuits was immaterial and did not affect financial statement amounts or require detail disclosure.

Note 19 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2016, consisted of the following:

Interfund Payable	Interfund Receivable General
Other Governmental Funds:	
Adult Basic Education	$50,000
Vocational Education	33,000
Improving Teacher Quality	1,659
Miscellaneous Federal Grants	600
Total	$85,259

Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid.

Interfund Transfers

During fiscal year 2016, the general fund transferred $625,000 to the adult education special revenue fund to move unrestricted balances to support programs and projects accounted for in that fund.

Note 20 – Set-Asides

The Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the Center was also required to set aside money for budget stabilization. At June 30, 2016, all funds placed in the budget stabilization fund since its inception in 1998 continue to be set-aside.

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

	Budget Stabilization	Capital Improvements
Set-Aside Balance as of June 30, 2015	$223,362	$0
Current Year Set-Aside Requirement	0	103,370
Qualifying Disbursements	0	(103,370)
Total	$223,362	$0
Set-Aside Balance Carried Forward to Future Fiscal Years	$223,362	$0
Set-Aside Balance as of June 30, 2016	$223,362	$0

The total balance for the two set-asides at the end of the fiscal year was $223,362.

Note 21 – Jointly Governed Organization

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONet) is the computer service organization or Data Acquisition Site (DAS) used by the Center. NEONet is a jointly governed organization among twenty-three school districts, three career centers, and the Summit and Medina County Educational Service Centers. The Summit County Educational Service Center acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The Career Center does not retain an ongoing financial interest or an ongoing financial responsibility in NEONet. During the current fiscal year, the Career Center made $41,041 in payments to NEONet. Financial information can be obtained by writing to the Summit County Educational Service Center, 420 Washington Avenue, Suite 200, Cuyahoga Falls, OH 44221.

Note 22 – Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area Schools Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting mainly of school districts within Portage County, while also including school districts in other northeast and southeast Ohio counties. The Consortium is a stand-alone entity, composed of two stand-alone Pools; the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These Pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The Pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 23 – Significant Commitments

Contractual Commitments

The Center had the following contractual commitments outstanding at June 30, 2016:

Project	Contract Amount	Amount Paid	Remaining on Contract
Asphalt Paving	$1,362,907	$0	$1,362,907
Storage Building	474,000	0	474,000
Total	$1,836,907	$0	$1,836,907

Encumbrances

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

General Fund	$2,560,138
Other Governmental Funds	41,613
Total Governmental Funds	$2,601,751

Note 24 – Subsequent Event

On July 28, 2016, the Board declared urgent necessity and terminated a contract with the J. Herbert Construction Company for the construction of a storage building due to the contractor not being able to complete the project in a timely manner. The Board awarded the contract to Ohio Paving and Construction to construct the storage building for $474,000, the same price as the original contract.

Maplewood Career Center

Required Supplementary Information

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

School Employees Retirement System of Ohio

*Last Three Fiscal Years (1) **

	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.0447851%	0.0472210%	0.0472210%
Center's Proportionate Share of the Net Pension Liability	$2,555,481	$2,389,827	$2,808,081
Center's Covered Payroll	$1,346,671	$1,373,643	$1,411,725
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.76%	173.98%	198.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

Maplewood Career Center

Required Supplementary Information

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

State Teachers Retirement System of Ohio

*Last Three Fiscal Years (1) **

	2016	2015	2014
Center's Proportion of the Net Pension Liability	0.04337660%	0.04381959%	0.04381959%
Center's Proportionate Share of the Net Pension Liability	$11,988,023	$10,658,441	$12,696,265
Center's Covered Payroll	$4,471,936	$4,500,907	$4,767,469
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	268.07%	236.81%	266.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

Maplewood Career Center
Required Supplementary Information
Schedule of Center Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$208,574	$177,491	$190,387	$195,383
Contributions in Relation to the Contractually Required Contribution	(208,574)	(177,491)	(190,387)	(195,383)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll	$1,489,814	$1,346,671	$1,373,643	$1,411,725
Contributions as a Percentage of Covered Payroll	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008	2007
$194,140	$178,324	$186,614	$130,515	$123,463	$127,110
(194,140)	(178,324)	(186,614)	(130,515)	(123,463)	(127,110)
$0	$0	$0	$0	$0	$0
$1,443,417	$1,418,645	$1,378,239	$1,326,370	$1,257,260	$1,190,169
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

Maplewood Career Center

Required Supplementary Information

Schedule of Center Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2016	2015	2014	2013
Contractually Required Contribution	$630,560	$626,071	$585,118	$619,771
Contributions in Relation to the Contractually Required Contribution	(630,560)	(626,071)	(585,118)	(619,771)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll	$4,504,000	$4,471,936	$4,500,907	$4,767,469
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008	2007
$665,640	$660,085	$647,394	$629,951	$613,517	$586,985
(665,640)	(660,085)	(647,394)	(629,951)	(613,517)	(586,985)
$0	$0	$0	$0	$0	$0
$5,120,308	$5,077,577	$4,979,954	$4,845,777	$4,719,362	$4,515,269
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

Maplewood Career Center
Portage County
7075 State Route 88
Ravenna, Ohio 44266

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Maplewood Career Center, Portage County, Ohio (the Center) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 16, 2018.

Internal Control Over Financial Reporting

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

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

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

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
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Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

February 16, 2018

MAPLEWOOD CAREER CENTER

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 15, 2018

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
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