



OHIO AUDITOR OF STATE
KEITH FABER



**WARREN COUNTY CAREER CENTER
WARREN COUNTY**

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**WARREN COUNTY CAREER CENTER
WARREN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Warren County Career Center
Warren County
3529 N. State Route 48
Lebanon, Ohio 45036

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Career Center, Warren County, Ohio (the Career Center), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Career Center, Warren County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized "K" and "F".

Keith Faber
Auditor of State

Columbus, Ohio

December 16, 2019

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Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The discussion and analysis of Warren County Career Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Center's performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- Net position of governmental activities increased \$807,400 which represents an 8% increase from 2018.
- General revenues accounted for \$16,830,164 in revenue or 79% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,434,099 or 21% of total revenues of \$21,264,263.
- The Center had \$20,456,863 in expenses related to governmental activities; \$4,434,099 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$16,830,164 were also used to provide for these programs.

Overview of the Financial Statements

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. The General Fund, Adult Education Fund, and Permanent Improvement Fund are the major funds of the Center.

Government-wide Financial Statements

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 2019?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Center's net position and changes in net position. This change in net position is important because it tells the reader that, for the Center as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

In the Government-wide Financial Statements, the overall financial position of the Center is presented in the following manner:

- Governmental Activities – Most of the Center's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

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

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Center's own programs.

The Center as a Whole

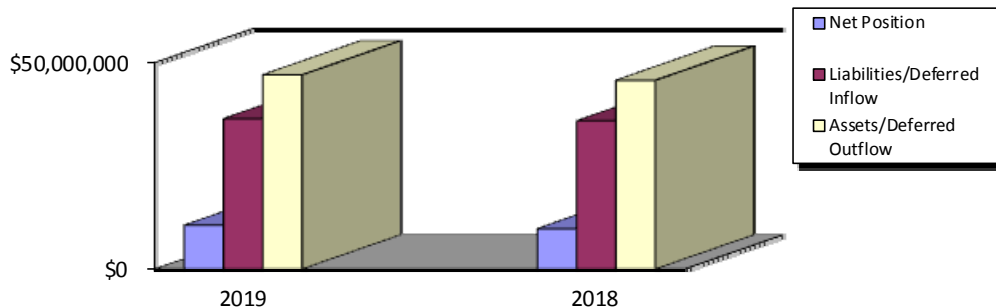
As stated previously, the Statement of Net Position looks at the Center as a whole. Table 1 provides a summary of the Center's net position for fiscal year 2019 compared to fiscal year 2018:

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Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2019	2018
Assets:		
Current and Other Assets	\$25,732,774	\$24,504,423
Net OPEB Asset	1,165,116	0
Capital Assets	14,039,268	14,509,603
Total Assets	40,937,158	39,014,026
Deferred Outflows of Resources:		
OPEB	351,743	186,567
Pension	5,753,065	6,526,910
Total Deferred Outflows of Resources	6,104,808	6,713,477
Liabilities:		
Other Liabilities	1,728,813	1,196,284
Long-Term Liabilities	22,314,195	25,634,585
Total Liabilities	24,043,008	26,830,869
Deferred Inflows of Resources:		
Property Taxes	8,869,482	7,332,935
Grants and Other Taxes	77,800	72,804
OPEB	1,987,663	545,977
Pension	1,445,038	1,133,343
Total Deferred Inflows of Resources	12,379,983	9,085,059
Net Position:		
Net Investment in Capital Assets	13,734,724	14,112,330
Restricted	917,649	835,739
Unrestricted	(4,033,398)	(5,136,494)
Total Net Position	\$10,618,975	\$9,811,575



Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the Center's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$10,618,975.

At year-end, capital assets represented 34% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, vehicles and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2019, were \$13,734,724. These capital assets are used to provide services to the students and are not available for future spending. Although the Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Center's net position, \$917,649 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current Assets increased from fiscal year 2018 mainly due to an increase in cash and investments during fiscal year 2019. Capital Assets decreased from fiscal year 2018 mainly due to depreciation expense being more than current year additions. Total Liabilities decreased mainly due to a decrease in Net Pension Liabilities and Net Other Post Employment Benefits Liabilities.

Table 2 shows the changes in net position for fiscal years 2019 and 2018.

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Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2019	2018
Revenues:		
Program Revenues		
Charges for Services	\$3,090,658	\$2,829,839
Operating Grants, Contributions	1,343,441	1,278,080
General Revenues:		
Property Taxes	8,338,383	9,382,975
Grants and Entitlements	7,789,689	7,458,073
Other	702,092	570,191
Total Revenues	<u>21,264,263</u>	<u>21,519,158</u>
Program Expenses:		
Instruction	11,973,978	5,653,937
Support Services:		
Pupil and Instructional Staff	2,404,021	1,119,019
School Administrative, General		
Administration, Fiscal and Business	2,378,016	965,147
Operations and Maintenance	1,601,080	1,087,870
Pupil Transportation	364,047	279,611
Central	1,295,859	698,279
Operation of Non-Instructional Services	351,089	344,523
Extracurricular Activities	72,349	65,606
Interest and Fiscal Charges	16,424	20,453
Total Program Expenses	<u>20,456,863</u>	<u>10,234,445</u>
Change in Net Position	807,400	11,284,713
Net Position - Beginning of Year	<u>9,811,575</u>	<u>(1,473,138)</u>
Net Position - End of Year	<u>\$10,618,975</u>	<u>\$9,811,575</u>

The Center's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 76% of the Center's revenues for governmental activities.

The Center depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

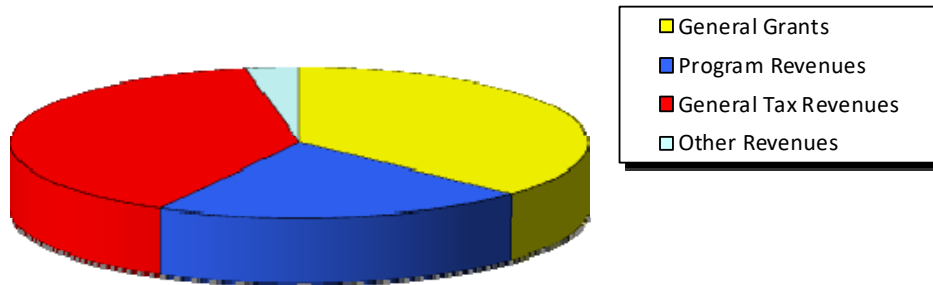
Thus Ohio Schools do not receive additional property tax revenue from an increase in appraisal values and must regularly return to the voters to maintain a constant level of service.

Warren County Career Center, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Property taxes made up 39% of revenues for governmental activities for the Center in fiscal year 2019. The Center’s reliance upon tax revenues is demonstrated by the following graph:

Governmental Activities
Revenue Sources

	2019	Percentage
General Grants	\$7,789,689	37%
Program Revenues	4,434,099	21%
General Tax Revenues	8,338,383	39%
Other Revenues	702,092	3%
Total Revenue Sources	<u>\$21,264,263</u>	<u>100%</u>



Instruction comprises 59% of governmental program expenses. Support services expenses were 39% of governmental program expenses. All other expenses were 2%.

Overall the financial position of the Center has improved by \$807,400 from 2018 to 2019. Grants and Entitlements increased in fiscal year 2019 as compared to fiscal year 2018 because the Center received more grant monies in 2019 compared to 2018. Total expenses increased primarily due to changes related to net pension liability and other post-employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

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Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
Instruction	\$11,973,978	\$5,653,937	(\$9,247,223)	(\$3,256,500)
Support Services:				
Pupil and Instructional Staff	2,404,021	1,119,019	(1,991,545)	(671,840)
School Administrative, General				
Administration, Fiscal and Business	2,378,016	965,147	(1,891,689)	(460,617)
Operations and Maintenance	1,601,080	1,087,870	(1,575,082)	(1,065,052)
Pupil Transportation	364,047	279,611	(363,071)	(279,388)
Central	1,295,859	698,279	(843,089)	(274,683)
Operation of Non-Instructional Services	351,089	344,523	(41,569)	(59,311)
Extracurricular Activities	72,349	65,606	(53,072)	(38,682)
Interest and Fiscal Charges	16,424	20,453	(16,424)	(20,453)
Total Expenses	<u>\$20,456,863</u>	<u>\$10,234,445</u>	<u>(\$16,022,764)</u>	<u>(\$6,126,526)</u>

The Center's Funds

The Center has three major governmental funds: the General Fund, Adult Education Fund and the Permanent Improvement Fund. Assets of the major funds comprised \$24,977,910 (96%) of the total \$25,922,439 governmental funds assets.

General Fund: Fund balance at June 30, 2019 was \$10,901,297, a decrease in fund balance of \$991,330 from 2018. The fund balance decreased mostly due to an increase in instruction expenses from 2019 to 2018.

Adult Education Fund: Fund balance at June 30, 2019 was \$58,829, a decrease in fund balance of \$7,362 from 2018. The fund balance decreased due to an increase in instructional expenses.

Permanent Improvement Fund: Fund balance at June 30, 2019 was \$3,084,867, an increase in fund balance of \$102,353 from 2018. The fund balance increased mostly due to a large transfer made into the fund during the year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2019, the Center amended its General fund budgets; however none were significant. The Center uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the Center revised the Budgets in an attempt to deal with unexpected changes in revenues and expenditures.

Warren County Career Center, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

For the General Fund, final budget basis revenue was \$18,613,359 compared to original budget estimates of \$17,782,748.

The Center's ending unobligated cash balance for the General Fund was \$10,776,832.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the Center had \$14,039,268 invested in land, construction in progress, land improvements, vehicles, buildings and improvements and equipment. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2019	2018
Land	\$456,000	\$456,000
Land Improvements	349,039	325,857
Buildings and Improvements	11,005,864	11,712,160
Equipment	1,440,850	1,830,626
Construction in Progress	764,423	157,027
Vehicles	23,092	27,933
Total Net Capital Assets	<u>\$14,039,268</u>	<u>\$14,509,603</u>

The decrease in capital assets is due to current year additions not exceeding depreciation expense.

See Note 7 to the basic financial statements for further details on the Center's capital assets.

Debt

At June 30, 2019, the Center had \$304,544 in general obligation bonds outstanding and capital leases outstanding, \$79,544 due within one year. Table 5 summarizes debt outstanding:

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Warren County Career Center, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 5
Outstanding Debt, at Year End

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
General Obligation Bonds:		
2011 Energy Conservation Notes	\$300,000	\$375,000
Subtotal Bonds	<u>300,000</u>	<u>375,000</u>
Capital Leases	<u>4,544</u>	<u>22,273</u>
Total Long-Term Obligations	<u>\$304,544</u>	<u>\$397,273</u>

See Note 13 in the notes to the basic financial statements for further details on the Center’s outstanding debt.

Contacting the Center’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center’s finances and to show the Center’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Office of the Treasurer, Warren County Career Center, 3529 N. SR 48, Lebanon, Ohio 45036.

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Warren County Career Center, Warren County, Ohio
Statement of Net Position
June 30, 2019

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$16,285,691
Restricted Cash and Investments	18,561
Receivables (Net):	
Taxes	9,276,988
Accounts	37,854
Intergovernmental	98,856
Prepays	12,733
Inventory	2,091
Nondepreciable Capital Assets	1,220,423
Depreciable Capital Assets, Net	12,818,845
Net OPEB Asset	<u>1,165,116</u>
 Total Assets	 <u>40,937,158</u>
Deferred Outflows of Resources:	
Pension	5,753,065
OPEB	<u>351,743</u>
 Total Deferred Outflows of Resources	 <u>6,104,808</u>
Liabilities:	
Accounts Payable	674,654
Accrued Wages and Benefits	1,034,398
Contracts Payable	0
Retainage Payable	18,561
Accrued Interest Payable	1,200
Long-Term Liabilities:	
Due Within One Year	259,309
Due In More Than One Year	
Net Pension Liability	19,531,521
Net OPEB Liability	1,670,832
Other Amounts	<u>852,533</u>
 Total Liabilities	 <u>24,043,008</u>
Deferred Inflows of Resources:	
Property Taxes	8,869,482
Grants and Other Taxes	77,800
OPEB	1,987,663
Pension	<u>1,445,038</u>
 Total Deferred Inflows of Resources	 <u>12,379,983</u>
Net Position:	
Net Investment in Capital Assets	13,734,724
Restricted for:	
Local / State Grants	4,728
Federal Grants	6,101
Capital Improvements	899,662
Food Service	3,536
Other Purposes	3,622
Unrestricted	<u>(4,033,398)</u>
 Total Net Position	 <u>\$10,618,975</u>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Special	\$160,870	\$0	\$0	(\$160,870)
Vocational	10,119,143	1,196,128	172,582	(8,750,433)
Adult/Continuing	1,270,248	854,490	417,091	1,333
Other	423,717	4,965	81,499	(337,253)
Support Services:				
Pupil	1,159,437	35,512	114,982	(1,008,943)
Instructional Staff	1,244,584	84,813	177,169	(982,602)
General Administration	33,978	0	0	(33,978)
School Administration	1,710,369	341,166	115,585	(1,253,618)
Fiscal	596,359	0	3,340	(593,019)
Business	37,310	19,963	6,273	(11,074)
Operations and Maintenance	1,601,080	12,579	13,419	(1,575,082)
Pupil Transportation	364,047	0	976	(363,071)
Central	1,295,859	324,284	128,486	(843,089)
Operation of Non-Instructional Services	351,089	197,481	112,039	(41,569)
Extracurricular Activities	72,349	19,277	0	(53,072)
Interest and Fiscal Charges	16,424	0	0	(16,424)
Totals	\$20,456,863	\$3,090,658	\$1,343,441	(16,022,764)

General Revenues:

Property Taxes Levied for:

General Purposes	8,338,383
Grants and Entitlements, Not Restricted	7,789,689
Revenue in Lieu of Taxes	80,961
Unrestricted Contributions	1,127
Investment Earnings	366,341
Other Revenues	253,663

Total General Revenues 16,830,164

Change in Net Position 807,400

Net Position - Beginning of Year 9,811,575

Net Position - End of Year \$10,618,975

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio

Balance Sheet

Governmental Funds

June 30, 2019

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,645,578	\$308,356	\$3,403,263	\$928,494	\$16,285,691
Restricted Cash and Investments	0	0	18,561	0	18,561
Receivables (Net):					
Taxes	9,276,988	0	0	0	9,276,988
Accounts	37,324	530	0	0	37,854
Intergovernmental	84,912	0	0	13,944	98,856
Interfund	176,507	0	13,158	0	189,665
Prepays	12,733	0	0	0	12,733
Inventory	0	0	0	2,091	2,091
Total Assets	21,234,042	308,886	3,434,982	944,529	25,922,439
Liabilities:					
Accounts Payable	261,577	68,971	331,554	12,552	674,654
Accrued Wages and Benefits	1,034,398	0	0	0	1,034,398
Retainage Payable	0	0	18,561	0	18,561
Interfund Payable	0	181,086	0	8,579	189,665
Total Liabilities	1,295,975	250,057	350,115	21,131	1,917,278
Deferred Inflows of Resources:					
Property Taxes	8,958,970	0	0	0	8,958,970
Grants and Other Taxes	77,800	0	0	12,628	90,428
Total Deferred Inflows of Resources	9,036,770	0	0	12,628	9,049,398
Fund Balances:					
Nonspendable	12,733	0	0	0	12,733
Restricted	0	0	0	917,649	917,649
Assigned	10,320,590	58,829	3,084,867	0	13,464,286
Unassigned	567,974	0	0	(6,879)	561,095
Total Fund Balances	10,901,297	58,829	3,084,867	910,770	14,955,763
Total Liabilities, Deferred Inflows and Fund Balances	\$21,234,042	\$308,886	\$3,434,982	\$944,529	\$25,922,439

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2019

Total Governmental Fund Balance		\$14,955,763
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.		
Capital assets used in the operation of Governmental Funds		14,039,268
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	\$89,488	
Intergovernmental	<u>12,628</u>	
		102,116
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(1,200)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(807,298)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	5,753,065	
Deferred inflows of resources related to pensions	(1,445,038)	
Deferred outflows of resources related to OPEB	351,743	
Deferred inflows of resources related to OPEB	<u>(1,987,663)</u>	
		2,672,107
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	1,165,116	
Net Pension Liability	(19,531,521)	
Net OPEB Liability	(1,670,832)	
Other Amounts	<u>(304,544)</u>	
		<u>(20,341,781)</u>
Net Position of Governmental Activities		<u><u>\$10,618,975</u></u>

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Adult Education	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$8,372,084	\$0	\$0	\$0	\$8,372,084
Tuition and Fees	1,058,945	1,672,928	0	0	2,731,873
Investment Earnings	320,918	0	45,424	0	366,342
Intergovernmental	7,789,690	525,688	0	816,656	9,132,034
Extracurricular Activities	431	0	0	0	431
Charges for Services	141,872	0	0	197,360	339,232
Revenue in Lieu of Taxes	80,961	0	0	0	80,961
Other Revenues	227,822	20,182	3,753	22,153	273,910
Total Revenues	17,992,723	2,218,798	49,177	1,036,169	21,296,867
Expenditures:					
Current:					
Instruction:					
Special	186,343	0	0	0	186,343
Vocational	9,914,439	0	21,981	177,269	10,113,689
Adult/Continuing	15,081	1,215,251	0	148,111	1,378,443
Other	342,218	0	0	81,499	423,717
Support Services:					
Pupil	1,168,364	49,535	0	107,721	1,325,620
Instructional Staff	1,052,080	116,472	39,465	149,171	1,357,188
General Administration	34,508	0	1,926	0	36,434
School Administration	1,442,719	518,175	0	8,379	1,969,273
Fiscal	665,378	0	0	3,340	668,718
Business	0	27,954	0	0	27,954
Operations and Maintenance	1,440,345	17,615	171,847	2,235	1,632,042
Pupil Transportation	342,941	0	0	922	343,863
Central	575,497	454,246	0	26,706	1,056,449
Operation of Non-Instructional Services	21,234	169	0	337,894	359,297
Extracurricular Activities	72,349	0	0	0	72,349
Capital Outlay	137,847	0	911,605	0	1,049,452
Debt Service:					
Principal Retirement	75,000	17,729	0	0	92,729
Interest and Fiscal Charges	16,350	374	0	0	16,724
Total Expenditures	17,502,693	2,417,520	1,146,824	1,043,247	22,110,284
Excess of Revenues Over (Under) Expenditures	490,030	(198,722)	(1,097,647)	(7,078)	(813,417)
Other Financing Sources (Uses):					
Transfers In	0	191,360	1,200,000	90,000	1,481,360
Transfers (Out)	(1,481,360)	0	0	0	(1,481,360)
Total Other Financing Sources (Uses)	(1,481,360)	191,360	1,200,000	90,000	0
Net Change in Fund Balance	(991,330)	(7,362)	102,353	82,922	(813,417)
Fund Balance - Beginning of Year	11,892,627	66,191	2,982,514	827,848	15,769,180
Fund Balance - End of Year	\$10,901,297	\$58,829	\$3,084,867	\$910,770	\$14,955,763

See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2019

Net Change in Fund Balance - Total Governmental Funds (\$813,417)

Amounts reported for governmental activities in the
 statement of activities are different because:

Governmental funds report capital asset additions 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 of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$974,301	
Depreciation Expense	<u>(1,444,636)</u>	
		(470,335)

Governmental funds report pension and OPEB contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension and OPEB benefits earned net of employee contributions are
 reported as pension and OPEB expense.

Pension contributions	1,656,823	
Cost of benefits earned net of employee contributions - Pensions	(1,997,222)	
OPEB contributions	27,806	
Cost of benefits earned net of employee contributions - OPEB	<u>2,460,796</u>	
		2,148,203

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds.

Delinquent Property Taxes	(33,701)	
Intergovernmental	<u>1,097</u>	
Intergovernmental		(32,604)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position. 92,729

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 300

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 governmental funds.

Compensated Absences	<u>(117,476)</u>	
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Change in Net Position of Governmental Activities	<u><u>\$807,400</u></u>	
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See accompanying notes to the basic financial statements.

Warren County Career Center, Warren County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2019

	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	\$59,775
Receivables (Net):	
Accounts	<u>460</u>
Total Assets	<u><u>60,235</u></u>
Liabilities:	
Accounts Payable	436
Other Liabilities	<u>59,799</u>
Total Liabilities	<u><u>\$60,235</u></u>

See accompanying notes to the basic financial statements.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 1 - Description Of The District And Reporting Entity

Warren County Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a seven member Board of Education. The Board of Education is not directly elected. The Board of Education is comprised of members of other elected boards who, by charter, also serve as board members of the Warren County Career Center. None of the School Districts that appoint Board members are financially accountable for the Career Center nor do any appoint a voting majority of the Board.

The Career Center employs 103 certified, 48 classified, 13 administrative, 14 full time Adult Education along with 87 Adjunct Adult Education instructors who serve approximately 44 preschool students, 4,768 secondary students and 3,247 adult students. A vocational school exposes high school and adult students to academic preparation and job training which leads to employment and/or further education upon graduation from high school.

Reporting Entity

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

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

The Career Center is associated with one jointly governed organization. The organization is:

Jointly Governed Organizations:
Southwest Ohio Computer Association

This organization is discussed in Notes 15.

Note 2 - Summary of Significant Accounting Policies

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

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Career Center. The effect of interfund activity has been removed from these statements. *Governmental activities*, normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis Of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements; although the fiduciary fund has no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Career Center considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Property taxes, grants and entitlements, revenue in lieu of taxes, tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the Career Center.

Fund Accounting

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

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Governmental Funds

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

The Career Center reports the following major governmental funds:

General Fund – The *general fund* is the Career Center’s primary operating fund. It accounts for all financial resources of the Career Center, except those required to be accounted for in another fund.

Adult Education Fund – The *adult education fund* accounts for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from residents and students and reimbursements from the State Department of Education.

Permanent Improvement Fund – The *permanent improvement fund* is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code. This fund was a major fund in prior years and is still considered a significant fund to be reported separately by the Career Center.

Additionally, the Career Center reports the following fund types:

Fiduciary Agency Funds – *Fiduciary Agency Funds* reporting focuses on net position and changes in net position. The Career Center maintains two fiduciary funds, agency funds known as the Pell Grant and Student Activities Funds. The Pell Grant fund accounts for grant proceeds and disbursement to various students within the Career Center. The Student Activities fund was established to account for revenues generated by student managed activities. The Career Center’s agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (although no such grants or contributions were received for the year ending June 30, 2019). Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the Career Center’s policy to use the restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

To improve cash management, cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Career Center’s records. Each fund’s interest in the pool is presented as equity in pooled cash and investments on the statement of net position and fund balance sheets.

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

During the current fiscal year and at year-end, investments were limited to governmental sponsored agency securities, treasury notes and money market mutual funds.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the current fiscal year amounted to \$320,918. The permanent improvement capital projects fund also received interest of \$45,424.

For purpose of the statement of cash flows and for the presentation on the statement of net position and fund balance sheets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are considered to be cash equivalents.

Inventory (Materials and Supplies)

Inventories are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories consist of donated food and purchased food and are expensed when used. The balance is reported as a nonspendable fund balance on the governmental balance sheet.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Capital assets, which include land, land improvements, buildings, equipment, and vehicles, are reported on the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. The Career Center reviewed possible infrastructure assets (roads, bridges, culverts, etc.) which could be required to be capitalized. The Career Center has no infrastructure assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land improvements, buildings, equipment, and vehicles of the Career Center are depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Building and Building Improvements	50 years
Vehicles and Equipment	5 - 15 years

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from transaction-like activities between the Career Center's various funds are classified as interfund receivables/payables. These transactions are consolidated 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 Career Center will compensate the employees for the benefits through paid time off or some other means. 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 Career 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 Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for all employees after twenty years of current service with the Career Center.

Expenditures or liabilities related to compensated absences are reported in governmental funds only if they are due for payment as matured leave payable. The entire liability is reported on the government-wide statement of net position.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Capital leases, OPEB, net pension liability, and long term notes payable are reported as a liability on the statement of net position. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Interfund Activity

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

Fund Balance

The Career Center reports the following fund balance categories:

Nonspendable – Nonspendable fund balance relates to the value of consumable inventories.

Restricted – Restricted fund balances relate to money received from local, state or federal grants.

Assigned – Assigned fund balances are balances the Career Center administration have specified the future use.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Career Center applies restricted resources first when expenditures are incurred for purposes for which 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 assets and deferred outflows against liabilities and deferred inflows in the statement of net position. Net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Career Center, deferred outflows of resources includes pension and OPEB. These amounts are reported on the government-wide statement of net pension. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include pension, OPEB, grants and other taxes, and property taxes. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (see Notes 9 and 10). Delinquent property taxes and grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources. On the statement of net position, property taxes for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations, have been recorded as a deferred inflow. Grants and other taxes have been recorded as deferred inflows on the governmental fund financial statements.

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Pensions/Other Postemployment Benefits (OPEB)

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

Expenses/Expenditures

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

Exchange/Non-Exchange Transactions

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

Non-Exchange Transactions

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 Career Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Estimates

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

Note 3 – Accountability

At June 30, 2019 the following fund had deficit fund balances:

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Perkins Grant	\$4,788
Preschool	746
Other Grants	1,345

The deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit by providing operating transfers when cash is required, not when accruals occur.

Note 4 - Equity in Pooled Cash And Investments

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

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

Inactive deposits are public deposits that the Board 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 Career 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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the Career Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2019, \$5,636,259 of the Career Center's bank balance of \$5,886,259 was exposed to custodial credit risk because it was uninsured and collateralized.

The Career Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Career Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Warren County Career Center
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For the Fiscal Year Ended June 30, 2019

Investments

As of June 30, 2019, the Career Center had the following investments.

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Mortgage Corporation	\$1,651,490	Level 2	3.51
Federal National Mortgage Association	642,438	Level 2	0.79
Federal Home Loan Bank	1,138,834	Level 2	2.37
Commercial Paper	1,040,762	Level 2	0.40
Federal Farm Credit Bank	300,086	Level 2	3.68
Negotiable CDs	5,270,835	Level 2	2.24
Treasury Notes	413,784	Level 1	0.71
Money Market Mutual Funds	106,727	N/A	0.00
Total Fair Value	<u>\$10,564,956</u>		
Portfolio Weighted Average Maturity			2.14

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

The Career 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 Career Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is the Career Center’s policy to limit its investments that are not obligations of the U.S. Government to investments which have the highest credit quality rating issues by nationally recognized statistical rating organizations. The Career Center’s investments in Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, Treasury Notes, Federal National Mortgage Association, and Federal Home Loan Bank were rated AAA by Standard & Poor’s and Fitch ratings and Aaa by Moody’s Investment Service. The Career Center’s investments in Commercial Paper was rated A-1+ by Standard & Poor’s ratings and P-1 by Moody’s Investment Service. Negotiable CDs and Money Market Funds are not rated.

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

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Concentration of Credit Risk – The Career Center places no limit on the amount it may invest in any one issuer. The Career Center’s investment in Federal Home Loan Mortgage Corporation Notes represents 15.6% of the total investments, the Certificate of Deposit represents 49.9% of the total investments, Federal Farm Credit Bank represents 2.8% of the total investments, Treasury Notes represents 3.9% of the total investments, Money Market Mutual Funds represents 1.0% of the total investments, the Federal National Mortgage Association represents 6.1% of total investments, Federal Home Loan Bank represents 10.8% of total investments, and Commercial Paper represents 9.9% of total investments.

Note 5 - Property Taxes

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2019 were based, is as follows:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$4,127,664,300	93.85%	\$4,715,570,180	94.09%
Public Utility	270,501,890	6.15%	296,416,470	5.91%
Total Assessed Value	<u>\$4,398,166,190</u>	<u>100.00%</u>	<u>\$5,011,986,650</u>	<u>100.00%</u>

Property taxes are levied and assessed on a calendar year basis. First half tax collections are received by the Career Center in the second half of the fiscal year. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. All property is required to be revalued every six years.

2019 tangible personal property taxes are levied after April 1, 2018, on the value as of December 31, 2018. Collections are made in 2019. Tangible personal property assessments are six and one quarter

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by February 27. If paid semi-annually, the first payment (at least one-half of amount billed) was due February 27, with the remainder due on July 24.

The county auditor remits portions of the taxes collected with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October to all taxing districts.

The Career Center received property taxes from the Warren County auditor. The county auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2019 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Note 6 – Receivables

Receivables at June 30, 2019, consisted of property taxes, accounts, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs, and the current year guarantee of federal funds. A summary of intergovernmental receivables follows:

Warren County Career Center
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For the Fiscal Year Ended June 30, 2019

Fund	Amount
General Fund:	\$84,912
Nonmajor Governmental Funds:	
Able Grant Fund	13,944
Total	<u>\$98,856</u>

Note 7 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$456,000	\$0	\$0	\$456,000
Construction in Progress	157,027	607,396	0	764,423
Capital Assets, being depreciated:				
Land Improvements	571,263	71,075	0	642,338
Buildings and Improvements	22,379,934	97,300	0	22,477,234
Furniture, Fixtures and Equipment	6,176,806	198,530	0	6,375,336
Vehicles	622,900	0	0	622,900
Totals at Historical Cost	<u>30,363,930</u>	<u>974,301</u>	<u>0</u>	<u>31,338,231</u>
Less Accumulated Depreciation:				
Land Improvements	245,406	47,893	0	293,299
Building Improvements	10,667,774	803,596	0	11,471,370
Furniture, Fixtures and Equipment	4,346,180	588,306	0	4,934,486
Vehicles	594,967	4,841	0	599,808
Total Accumulated Depreciation	<u>15,854,327</u>	<u>1,444,636</u>	<u>0</u>	<u>17,298,963</u>
Governmental Activities Capital Assets, Net	<u>\$14,509,603</u>	<u>(\$470,335)</u>	<u>\$0</u>	<u>\$14,039,268</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$875,940
Adult Education	39,673
Support Services:	
Instructional Staff	4,314
School Administration	37,830
Business	14,551
Operations and Maintenance	81,331
Pupil Transportation	20,184
Central	367,253
Operation of Non-Instructional Services	3,560
Total Depreciation Expense	<u>\$1,444,636</u>

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 8 - Risk Management

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2018, the Career Center contracted with Utica Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$3,000,000 aggregate and property and building replacement of \$64,544,098 (which includes the Greentree Health Science Academy) carrying a \$5,000 deductible and 90% coinsurance. Vehicles are also covered under a business policy with Argonaut Insurance Company which carries a \$500 deductible for buses and \$500/\$1,000 comprehensive/collision on other vehicles and a \$1,000,000 limit on liability with \$5,000 deductible for medical and \$1,000,000 for uninsured motorists.

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

The Career Center provided an option for medical/surgical benefits (PPO administered by Anthem for health care coverage) and prescription coverage through CVS Caremark. The Career Center paid the following amounts:

For the PPO plan, the Career Center paid for Secondary Instruction staff \$1,470.45 per month for a family plan, \$1,058.16 for an employee and kids plan, or \$572.03 for single coverage and all other staff the Career Center paid \$1,529.29 per month for a family plan, \$1,100.50 for an employee and kids plan, or \$594.92 for single coverage for medical and prescription insurance through Anthem – Blue Access which represents 85% of the total premium.

For the HDHP plan, the Career Center paid for Secondary Instruction staff \$1,145.03 per month for a family plan, \$823.99 for an employee and kids plan, or \$445.45 for single coverage and all other staff the Career Center paid \$1,175.28 per month for a family plan, \$845.75 for an employee and kids plan, or \$457.21 for single coverage for medical and prescription insurance through Anthem – Blue Access which represents 85% of the total premium.

The Career Center paid \$14.80 for family coverage and \$6.34 for single coverage per month to EPC Vision Benefit Plan, which represents eighty-five percent of the premium required.

Dental insurance was provided by Delta Dental. The Career Center paid \$92.79 for family coverage and \$31.98 for single coverage for the in-network (HMO), which represents 85% of the total premium. The Career Center paid \$3.87 to EPC for Sun Life Insurance Company.

Note 9 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions and OPEB 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 and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the Career Center's proportionate share of each pension and OPEB plan's collective actuarial present value of projected benefit payments attributable to

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

past periods of service, net of each pension and OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) 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 these estimates annually.

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

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

	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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$315,216 for fiscal year 2019. Of this amount \$28,877 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

Career Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 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 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 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, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$1,341,607 for fiscal year 2019. Of this amount \$52,416 is reported as accrued wages and benefits.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,588,820	\$15,942,701	\$19,531,521
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06266290%	0.07250718%	
Prior Measurement Date	<u>0.05904460%</u>	<u>0.07050611%</u>	
Change in Proportionate Share	<u>0.00361830%</u>	<u>0.00200107%</u>	
Pension Expense	\$321,142	\$1,676,080	\$1,997,222

At June 30 2019, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$196,824	\$368,006	\$564,830
Changes of assumptions	81,043	2,825,347	2,906,390
Changes in employer proportionate share of net pension liability	123,107	501,915	625,022
Contributions subsequent to the measurement date	<u>315,216</u>	<u>1,341,607</u>	<u>1,656,823</u>
Total Deferred Outflows of Resources	<u>\$716,190</u>	<u>\$5,036,875</u>	<u>\$5,753,065</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$104,115	\$104,115
Net difference between projected and actual earnings on pension plan investments	99,435	966,748	1,066,183
Changes in employer proportionate share of net pension liability	<u>65,089</u>	<u>209,651</u>	<u>274,740</u>
Total Deferred Inflows of Resources	<u>\$164,524</u>	<u>\$1,280,514</u>	<u>\$1,445,038</u>

\$1,656,823 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Fiscal Year Ending June 30:	SERS	STRS	Total
2020	\$293,877	\$1,428,191	\$1,722,068
2021	90,844	1,010,176	1,101,020
2022	(117,775)	108,702	(9,073)
2023	(30,496)	(132,315)	(162,811)
Total	<u>\$236,450</u>	<u>\$2,414,754</u>	<u>\$2,651,204</u>

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 2018, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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. 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$5,055,124	\$3,588,820	\$2,359,423

Assumption and Benefit Changes Since the Prior Measurement Date

With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1 2018, actuarial valuation, are presented below:

Inflation	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	<u>1.00%</u>	2.25%
Total	<u><u>100.00%</u></u>	

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described above. For this purpose, only employer contributions that are intended to fund benefits of current plan

Warren County Career Center
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For the Fiscal Year Ended June 30, 2019

members and their beneficiaries are 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45 percent or one percentage point higher 8.45 percent than the current discount rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$23,282,216	\$15,942,701	\$9,730,797

Assumption and Benefit Changes since the Prior Measurement Date

There were no changes in assumptions or benefit terms since the prior measurement date.

Note 10 - Defined Benefit OPEB Plans

See note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The Career Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. 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.

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

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 2019, .5 percent 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 2019, this amount was \$21,600. 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 2019, the Career Center's surcharge obligation was \$16,131.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$27,806 for fiscal year 2019. Of this amount \$11,675 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing 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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. 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, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30 2018, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Career Center's proportion of the net OPEB liability (asset) was based on the Career Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,670,832	\$0	\$1,670,832
Proportionate Share of the Net OPEB (Asset)	0	(1,165,116)	(1,165,116)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06022600%	0.07250718%	
Prior Measurement Date	<u>0.05663520%</u>	<u>0.07050611%</u>	
Change in Proportionate Share	<u>0.00359080%</u>	<u>0.00200107%</u>	
OPEB Expense	\$62,222	(\$2,523,018)	(\$2,460,796)

At June 30 2019, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$27,274	\$136,088	\$163,362
Changes in employer proportionate share of net OPEB liability	89,266	71,309	160,575
Contributions subsequent to the measurement date	<u>27,806</u>	<u>0</u>	<u>27,806</u>
Total Deferred Outflows of Resources	<u>\$144,346</u>	<u>\$207,397</u>	<u>\$351,743</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$67,884	\$67,884
Changes of assumptions	150,111	1,587,564	1,737,675
Net difference between projected and actual earnings on OPEB plan investments	2,507	133,104	135,611
Changes in employer proportionate share of net OPEB liability	<u>7,513</u>	<u>38,980</u>	<u>46,493</u>
Total Deferred Inflows of Resources	<u>\$160,131</u>	<u>\$1,827,532</u>	<u>\$1,987,663</u>

\$27,806 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2020	(\$48,861)	(\$291,765)	(\$340,626)
2021	(34,499)	(291,765)	(326,264)
2022	10,980	(291,765)	(280,785)
2023	12,047	(261,536)	(249,489)
2024	11,874	(250,932)	(239,058)
Thereafter	<u>4,868</u>	<u>(232,372)</u>	<u>(227,504)</u>
Total	<u>(\$43,591)</u>	<u>(\$1,620,135)</u>	<u>(\$1,663,726)</u>

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30 2018, are presented below:

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62%
Prior Measurement Date	3.56%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.70%
Prior Measurement Date	3.63%
Medical Trend Assumption:	
Medicare	5.375% to 4.75%
Pre-Medicare	7.25% to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	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	<u>10.00%</u>	3.00%
Total	<u><u>100.00%</u></u>	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70 percent) and higher (4.70

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

percent) than the current discount rate (3.70 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25 percent decreasing to 3.75 percent) and higher (8.25 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Proportionate share of the net OPEB liability	\$2,027,423	\$1,670,832	\$1,388,478
	1% Decrease (6.25% decreasing to 3.75%)	Current Trend Rate (7.25% decreasing to 4.75%)	1% Increase (8.25% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$1,348,055	\$1,670,832	\$2,098,247

Assumption and Benefit Changes since the Prior Measurement Date

The following changes in key methods and assumptions as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30 2018, actuarial valuation are presented below:

Projected Salary Increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical:	
Pre-Medicare	6% initial, 4% ultimate
Medicare	5% initial, 4% ultimate
Prescription Drug:	
Pre-Medicare	8% initial, 4% ultimate
Medicare	(5.23%) initial, 4% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

Warren County Career Center
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For the Fiscal Year Ended June 30, 2019

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

*10 year annualized geometric nominal returns, which includes the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long-term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments, was used to measure the total OPEB liability as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB (asset) as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one

Warren County Career Center
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percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$998,614)	(\$1,165,116)	(\$1,305,054)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,297,154)	(\$1,165,116)	(\$1,031,022)

Assumption and Benefit Changes since the Prior Measurement Date

The discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*. Valuation year per capita health care costs were updated.

The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020. However, in June of 2019, the STRS Board voted to extend the current Medicare Part B partial reimbursement for one year.

Note 11 - Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees may earn up to ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment shall be made for accrued but unused sick days on the basis of 25 percent of member's actual accumulated sick leave days to a maximum of 60 days.

Note 12 - Capitalized Leases - Lessee Disclosure

In prior years, the Career Center entered into a capital lease for copiers and apple computers totaling \$75,240 and entered into capitalized leases for the acquisition of copiers for \$86,486. The terms of the one agreement provides an option to purchase the equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis. In 2016, the Career Center entered into a capitalized lease for the acquisition of CAT equipment in the amount of \$68,856.

Warren County Career Center
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The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2019:

Fiscal Year Ending June 30	Governmental Activities
2020	\$4,563
Less: Amount Representing Interest	(19)
Present Value of Minimum Lease Payments	<u>\$4,544</u>

Note 13 - Long-Term Liabilities

The changes in the Career Center's long-term obligations (non-current liabilities) during the year consist of the following:

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:					
2011 Energy Conservation Notes	\$375,000	\$0	\$75,000	\$300,000	\$75,000
Subtotal Notes	375,000	0	75,000	300,000	75,000
Capital Lease	22,273	0	17,729	4,544	4,544
Compensated Absences	689,822	271,513	154,037	807,298	179,765
Subtotal Notes and Other Amounts	1,087,095	271,513	246,766	1,111,842	259,309
Net Pension Liability:					
STRS	16,748,878	0	806,177	15,942,701	0
SERS	3,527,784	61,036	0	3,588,820	0
Subtotal Net Pension Liability	20,276,662	61,036	806,177	19,531,521	0
Net OPEB Liability:					
STRS	2,750,888	0	2,750,888	0 (a)	0
SERS	1,519,940	150,892	0	1,670,832	0
Subtotal Net OPEB Liability	4,270,828	150,892	2,750,888	1,670,832	0
Total Long-Term Obligations	<u>\$25,634,585</u>	<u>\$483,441</u>	<u>\$3,803,831</u>	<u>\$22,314,195</u>	<u>\$259,309</u>

(a) OPEB for STRS has a Net OPEB asset in the amount of \$1,165,116 as of June 30, 2019.

Certificates of Participation Notes - On February 3, 2009, the Career Center issued \$7,000,000 in certificates of participation notes for the purpose of renovating the current building and related increased capacity. The notes were called on the first call date. As a result, the in-substance defeasance is considered to be defeased and the liability has been removed from the statement of net position.

Energy Conservation Notes - On September 8, 2010, the Career Center issued \$881,000 in energy conservation notes under the Qualified School Construction Bond program that will rebate one hundred percent of the interest costs from the Federal government. The notes were issued for a twelve year period with a final maturity of December 1, 2022. The notes will be retired from the general fund and used for updating various lighting and other electrical items throughout the school.

Warren County Career Center
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The Center is subject to a debt limit that is 9 percent of the full assessed valuation of taxable real property. At June 30, 2019 that amount was \$451,078,799. As of June 30, 2019 the total outstanding debt applicable to the limit was \$304,544 which is 0.07 percent of the total debt limit.

Compensated absences will be paid from the fund from which the person is paid which is typically the General Fund. Capital leases will be paid from the General fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2020	\$75,000	\$12,600	\$87,600
2021	75,000	9,000	84,000
2022	75,000	5,400	80,400
2023	75,000	1,800	76,800
Total	<u>\$300,000</u>	<u>\$28,800</u>	<u>\$328,800</u>

Note 14 - Interfund Transactions

Interfund balances at June 30, 2019, consist of the following individual receivables and payables and transfers in the governmental balance sheet (such amounts are removed from consolidated columns in the statement of net position):

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$176,507	\$0	\$0	\$1,481,360
Adult Education	0	181,086	191,360	0
Permanent Improvement	13,158	0	1,200,000	0
Other Governmental	0	8,579	90,000	0
Total All Funds	<u>\$189,665</u>	<u>\$189,665</u>	<u>\$1,481,360</u>	<u>\$1,481,360</u>

The interfund payables are expected to be repaid within one year. The Career Center is continuing to evaluate the user charges in adult education major fund to bring revenue generation in line with expenditures. The transfers are routine in nature with the majority of the money being transferred to the permanent improvement capital projects fund for the Career Center's share of the roof replacement cost.

Note 15 - Jointly Governed Organization

The Career Center is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and educational service centers within the boundaries of Butler, Preble, and Warren Counties. The 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 Career Centers. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The Career Center paid \$57,800 for services provided during the fiscal year. Financial information can be obtained from the fiscal agent, Butler Tech, 3603 Hamilton- Middletown Road, Hamilton, Ohio 45011.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

Note 16 - Statutory Reserves

As stated in H.B. 412, the Career Center is required to maintain through reserves for capital acquisitions. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

	<u>Capital Improvements</u>
Set Aside Reserve Balance as of June 30, 2018	\$0
Current Year Set Aside Requirements	193,967
Current Year Offsets	<u>(304,983)</u>
Set Aside Balance as of June 30, 2019	<u><u>(111,016)</u></u>

Although the Career Center had qualifying disbursements during the year that reduced the capital acquisition below zero, the amount is not carried forward to the next fiscal year.

Note 17 – Fund Balance Allocation

The Career Center has chosen to present to the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications are outlined below:

<u>Fund Balances</u>	<u>General</u>	<u>Adult Education</u>	<u>Permanent Improvement</u>	<u>Non-Major Funds</u>	<u>Total</u>
Nonspendable on:					
Prepays	\$12,733	\$0	\$0	\$0	\$12,733
Total Nonspendable	12,733	0	0	0	12,733
Restricted for:					
Classroom Facilities Maintenance	0	0	0	899,662	899,662
Student Scholarships	0	0	0	3,622	3,622
Other Grants	0	0	0	6,101	6,101
School to Work	0	0	0	4,728	4,728
Food Service	0	0	0	3,536	3,536
Total Restricted	0	0	0	917,649	917,649
Assigned to:					
Encumbrances	287,190	0	0	0	287,190
Adult Education	0	58,829	0	0	58,829
Budgetary Resources	10,019,976	0	0	0	10,019,976
Permanent Improvement	0	0	3,084,867	0	3,084,867
Public School Funds	13,424	0	0	0	13,424
Total Assigned	10,320,590	58,829	3,084,867	0	13,464,286
Unassigned	567,974	0	0	(6,879)	561,095
Total Fund Balance	<u>\$10,901,297</u>	<u>\$58,829</u>	<u>\$3,084,867</u>	<u>\$910,770</u>	<u>\$14,955,763</u>

**Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019**

Note 18 – Contingencies

Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Career Center at June 30, 2019.

Litigation

As of June 30, 2019, the Career Center did not have any pending litigation.

Note 19 – Center Foundation

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Career Center.

Note 20 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone Agreement (“EZA”) programs with the taxing districts of the Center. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the Center, Warren County has entered into CRA and EZA agreements. Under these agreements the Center’s property taxes were reduced by \$306,466.

Note 21 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2019, the following have been implemented Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations* and GASB No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 83 sets out to address the accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The implementation of GASB Statement No. 83 did not have an effect on the financial statements.

Warren County Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

Warren County Career Center
 Required Supplementary Information
 Schedule of the Career Center's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Career Center's Proportion of the Net Pension Liability	Career Center's Proportionate Share of the Net Pension Liability	Career Center's Covered Payroll	Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2019	0.07250718%	\$15,942,701	\$9,061,000	175.95%	77.30%
2018	0.07050611%	16,748,878	7,796,686	214.82%	75.30%
2017	0.07152652%	23,942,082	7,951,907	301.09%	66.80%
2016	0.06972967%	19,271,241	7,273,407	264.95%	72.10%
2015	0.07025447%	17,088,318	7,730,223	221.06%	74.70%
2014	0.07025447%	20,355,493	7,679,685	265.06%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the Career Center's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information

Warren County Career Center
 Required Supplementary Information
 Schedule of the Career Center's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	Career Center's Proportion of the Net Pension Liability	Career Center's Proportionate Share of the Net Pension Liability	Career Center's Covered Payroll	Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2019	0.06266290%	\$3,588,820	\$2,018,059	177.84%	71.36%
2018	0.05904460%	3,527,784	1,973,286	178.78%	69.50%
2017	0.06015550%	4,402,828	1,868,207	235.67%	62.98%
2016	0.06311340%	3,601,312	1,863,703	193.23%	69.16%
2015	0.06086300%	3,080,242	1,786,421	172.43%	71.70%
2014	0.06086300%	3,619,327	1,796,113	201.51%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the Career Center's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information

Warren County Career Center
 Required Supplementary Information
 Schedule of Career Center's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	Career Center's Contractually Required Contribution	Career Center's Contributions in Relation to the Contractually Required Contributions	Career Center's Contribution Deficiency (Excess)	Career Center's Covered Payroll	Career Center's Contributions as a Percentage of Covered Payroll
2019	\$1,341,607	(\$1,341,607)	\$0	\$9,582,907	14.00%
2018	1,268,540	(1,268,540)	0	9,061,000	14.00%
2017	1,091,536	(1,091,536)	0	7,796,686	14.00%
2016	1,113,267	(1,113,267)	0	7,951,907	14.00%
2015	1,018,277	(1,018,277)	0	7,273,407	14.00%
2014	1,004,929	(1,004,929)	0	7,730,223	13.00%
2013	998,359	(998,359)	0	7,679,685	13.00%
2012	1,036,483	(1,036,483)	0	7,972,946	13.00%
2011	1,058,380	(1,058,380)	0	8,141,385	13.00%
2010	1,038,413	(1,038,413)	0	7,987,792	13.00%

See accompanying notes to the required supplementary information

Warren County Career Center
 Required Supplementary Information
 Schedule of Career Center's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	Career Center's Contractually Required Contribution	Career Center's Contributions in Relation to the Contractually Required Contributions	Career Center's Contribution Deficiency (Excess)	Career Center's Covered Payroll	Career Center's Contributions as a Percentage of Covered Payroll
2019	\$315,216	(\$315,216)	\$0	\$2,334,933	13.50%
2018	272,438	(272,438)	0	2,018,059	13.50%
2017	276,260	(276,260)	0	1,973,286	14.00%
2016	261,549	(261,549)	0	1,868,207	14.00%
2015	245,636	(245,636)	0	1,863,703	13.18%
2014	247,598	(247,598)	0	1,786,421	13.86%
2013	248,582	(248,582)	0	1,796,113	13.84%
2012	241,951	(241,951)	0	1,798,892	13.45%
2011	224,989	(224,989)	0	1,789,889	12.57%
2010	226,832	(226,832)	0	1,675,273	13.54%

See accompanying notes to the required supplementary information

Warren County Career Center
 Required Supplementary Information
 Schedule of the Career Center's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Three Fiscal Years (1) (2)

Year	Career Center's Proportion of the Net OPEB (Asset)/Liability	Career Center's Proportionate Share of the Net OPEB (Asset)/Liability	Career Center's Covered Payroll	Career Center's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2019	0.07250718%	(\$1,165,116)	\$9,061,000	(12.86%)	176.00%
2018	0.07050611%	2,750,888	7,796,686	35.28%	47.10%
2017	0.07152652%	3,825,257	7,951,907	48.10%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Warren County Career Center
 Required Supplementary Information
 Schedule of the Career Center's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Three Fiscal Years (1) (2)

Year	Career Center's Proportion of the Net OPEB Liability	Career Center's Proportionate Share of the Net OPEB Liability	Career Center's Covered Payroll	Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2019	0.06022600%	\$1,670,832	\$2,018,059	82.79%	13.57%
2018	0.05663520%	1,519,940	1,973,286	77.03%	12.46%
2017	0.05719827%	1,630,362	1,868,207	87.27%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Warren County Career Center
 Required Supplementary Information
 Schedule of Career Center's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

Year	Career Center's Contractually Required Contribution	Career Center's Contributions in Relation to the Contractually Required Contributions	Career Center's Contribution Deficiency (Excess)	Career Center's Covered Payroll	Career Center's Contributions as a Percentage of Covered Payroll
2019	\$0	\$0	\$0	\$9,582,907	0.00%
2018	0	0	0	9,061,000	0.00%
2017	0	0	0	7,796,686	0.00%
2016	0	0	0	7,951,907	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Warren County Career Center
 Required Supplementary Information
 Schedule of Career Center's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1) (2)

Year	Career Center's Contractually Required Contribution (2)	Career Center's Contributions in Relation to the Contractually Required Contributions	Career Center's Contribution Deficiency (Excess)	Career Center's Covered Payroll	Career Center's Contributions as a Percentage of Covered Payroll
2019	\$27,806	(\$27,806)	\$0	\$2,334,933	1.19%
2018	27,769	(27,769)	0	2,018,059	1.38%
2017	15,689	(15,689)	0	1,973,286	0.80%
2016	12,797	(12,797)	0	1,868,207	0.68%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Warren County Career Center, Warren County, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$8,961,947	\$9,380,550	\$9,383,631	\$3,081
Revenue in lieu of taxes	81,096	84,884	84,912	28
Tuition and Fees	831,372	870,204	870,490	286
Investment Earnings	238,777	249,930	250,012	82
Intergovernmental	7,442,943	7,790,594	7,793,153	2,559
Charges for Services	1,982	2,074	2,075	1
Other Revenues	224,631	235,123	235,200	77
Total Revenues	17,782,748	18,613,359	18,619,473	6,114
Expenditures:				
Current:				
Instruction:				
Special	249,370	201,697	201,633	64
Vocational	12,017,794	9,720,298	9,717,219	3,079
Other	434,556	351,831	351,369	462
Support Services:				
Pupil	1,473,171	1,191,538	1,191,161	377
Instructional Staff	1,310,966	1,060,343	1,060,007	336
General Administration	46,304	37,452	37,440	12
School Administration	1,815,921	1,468,763	1,468,298	465
Fiscal	827,381	669,207	668,995	212
Operations and Maintenance	1,905,174	1,540,953	1,540,465	488
Pupil Transportation	427,654	345,898	345,788	110
Central	728,467	589,203	589,016	187
Operation of Non-Instructional Services	28,140	22,760	22,753	7
Extracurricular Activities	105,805	85,578	85,551	27
Capital Outlay	169,614	137,188	137,145	43
Debt Service:				
Principal Retirement	75,000	75,000	75,000	0
Interest and Fiscal Charges	37,977	16,379	16,350	29
Total Expenditures	21,653,294	17,514,088	17,508,190	5,898
Excess of Revenues Over (Under) Expenditures	(3,870,546)	1,099,271	1,111,283	12,012
Other Financing Sources (Uses):				
Advances In	16,818	17,603	17,609	6
Advances (Out)	(1,628)	(1,316)	(1,316)	0
Transfers In	955	1,000	1,000	0
Transfers (Out)	(1,839,496)	(1,487,831)	(1,487,360)	471
Total Other Financing Sources (Uses)	(1,823,351)	(1,470,544)	(1,470,067)	477
Net Change in Fund Balance	(5,693,897)	(371,273)	(358,784)	12,489
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	11,135,616	11,135,616	11,135,616	0
Fund Balance - End of Year	\$5,441,719	\$10,764,343	\$10,776,832	\$12,489

See accompanying notes to the required supplementary information.

Warren County Career Center, Warren County, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2019

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$1,955,950	\$1,672,398	\$1,672,398	\$0
Intergovernmental	614,817	525,688	525,688	0
Other Revenues	23,601	20,180	20,180	0
Total Revenues	2,594,368	2,218,266	2,218,266	0
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,470,238	1,244,067	1,244,067	0
Support Services:				
Pupil	58,887	49,828	49,828	0
Instructional Staff	140,481	118,870	118,870	0
School Administration	613,957	519,510	519,510	0
Business	33,036	27,954	27,954	0
Operations and Maintenance	20,817	17,615	17,615	0
Central	537,552	454,859	454,859	0
Operation of Non-Instructional Services	554	469	469	0
Debt Service:				
Principal Retirement	17,729	17,729	17,729	0
Interest and Fiscal Charges	3,665	374	374	0
Total Expenditures	2,896,916	2,451,275	2,451,275	(0)
Excess of Revenues Over (Under) Expenditures	(302,548)	(233,009)	(233,009)	0
Other Financing Sources (Uses):				
Transfers In	223,805	191,360	191,360	0
Total Other Financing Sources (Uses)	223,805	191,360	191,360	0
Net Change in Fund Balance	(78,743)	(41,649)	(41,649)	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	259,438	259,438	259,438	0
Fund Balance - End of Year	\$180,695	\$217,789	\$217,789	\$0

See accompanying notes to the required supplementary information.

Warren County Career Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2019.

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

While the Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) 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 basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for major funds with required budgetary supplemental information. Only the general and major special revenue funds are reported for comparison.

Warren County Career Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	(\$991,330)	(\$7,362)
Revenue Accruals	626,750	(532)
Expenditure Accruals	536,148	56,805
Transfers In	1,000	0
Transfers Out	(6,000)	0
Advances In	17,609	0
Advances Out	(1,316)	0
Encumbrances	(541,645)	(90,560)
Budget Basis	(\$358,784)	(\$41,649)

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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

Changes in Assumptions:

2018-2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

Warren County Career Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019: There were no changes in benefit terms from the amounts reported for this fiscal year.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

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

Changes in Assumptions:

2019: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2019: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

Warren County Career Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

Warren County Career Center
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2019

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**WARREN COUNTY CAREER CENTER
WARREN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	10,644
Cash Assistance:			
School Breakfast Program	10.553	3L70	21,632
National School Lunch Program	10.555	3L60	86,504
Total Child Nutrition Cluster			<u>118,780</u>
Total U.S. Department of Agriculture			<u>118,780</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Student Financial Aid Cluster:			
Federal Pell Grant Program	84.063	N/A	307,501
Federal Direct Student Loans	84.268	N/A	657,516
Total Student Financial Aid Cluster			<u>965,017</u>
<i>Passed Through Ohio Department of Education</i>			
Adult Education - Basic Grants to States	84.002	V002A180036	139,968
Adult Education - Basic Grants to States (EL/Civics)	84.002	V002A180036	13,997
Total Adult Education - Basic Grants to States			<u>153,965</u>
Career & Technical Education - Basic Grants to States	84.048	3L90	
<i>Passed Through Butler Technology and Career Development</i>			243,617
Career & Technical Education - Basic Grants to States	84.048	V048A180035	114,686
Total Career & Technical Education - Basic Grants to States			<u>358,303</u>
Total U.S. Department of Education			<u>1,477,285</u>
Total Expenditures of Federal Awards			<u><u>\$1,596,065</u></u>

The accompanying notes are an integral part of this schedule.

**WARREN COUNTY CAREER CENTER
WARREN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Warren County Career Center (the Career Center) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Career Center, it is not intended to and does not present the financial position or changes in net position of the Career Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The Career Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
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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*

Warren County Career Center
Warren County
3529 N. State Route 48
Lebanon, Ohio 45036

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warren County Career Center, Warren County, (the Career Center) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 16, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State

Columbus, Ohio

December 16, 2019

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Warren County Career Center
Warren County
3529 N. State Route 48
Lebanon, Ohio 45036

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Warren County Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Warren County Career Center's major federal program for the year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Career Center's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, the Warren County Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State

Columbus, Ohio

December 16, 2019

**WARREN COUNTY CAREER CENTER
WARREN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # - 84.048 Career and Technical Education – Basic Grants to States (Perkins IV)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER



WARREN COUNTY CAREER CENTER

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 31, 2019**