



OHIO AUDITOR OF STATE
KEITH FABER



**JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2021 AND 2020**

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JEFFERSON COUNTY
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JEFFERSON COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomingdale, Ohio 43910

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 Jefferson County Joint Vocational School District, Jefferson County, Ohio (the District), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District'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 District'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 District'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 District, as of June 30, 2021 and June 30, 2020, and the respective changes in financial position, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the 2020 financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 21 to the 2021 and Note 20 to the 2020 financial statements, the financial impact of COVID19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2022, on our consideration of the District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2022

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited*

The discussion and analysis of the Jefferson County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- In total, net position increased \$1,051,782.
- General revenues accounted for \$6,551,937 in revenue or approximately 84 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$1,234,860 or approximately 16 percent of total revenues of \$7,786,797.
- Total assets of governmental activities increased \$1,510,396, primarily due to increases in cash and cash equivalents and property tax receivables. Total liabilities of governmental activities increased \$235,691, primarily due to an increase in net pension liability.
- The School District had \$6,735,015 in expenses related to governmental activities; only \$1,234,860 of these expenses was offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$6,551,937 were adequate to provide for these programs.
- Total governmental funds had \$7,489,300 in revenues and \$6,273,161 in expenditures. Overall, the net change in total governmental fund balances, including other financing sources (uses), was an increase of \$1,216,139.

Using this Annual Financial Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District'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 School District's most significant funds with all other non-major funds presented in total in one column.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities 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 School District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities including instruction, support services, food service operations, extracurricular activities, and debt service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal 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 School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader 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.

Jefferson County Joint Vocational School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020.

Table 1			
Net Position			
Governmental Activities			
	2021	2020	Change
Assets			
Current and Other Assets	\$10,237,798	\$8,490,287	\$1,747,511
Net OPEB Asset	297,580	290,234	7,346
Capital Assets	4,046,187	4,290,648	(244,461)
<i>Total Assets</i>	<u>14,581,565</u>	<u>13,071,169</u>	<u>1,510,396</u>
Deferred Outflows of Resources			
Pension	890,505	939,736	(49,231)
OPEB	182,657	161,085	21,572
<i>Total Deferred Outflows of Resources</i>	<u>1,073,162</u>	<u>1,100,821</u>	<u>(27,659)</u>
Liabilities			
Current and Other Liabilities	660,495	670,784	(10,289)
Long-Term Liabilities:			
Due Within One Year	109,655	105,231	4,424
Due in More than One Year:			
Net Pension Liability	5,302,478	4,972,281	330,197
Net OPEB Liability	405,197	465,893	(60,696)
Other Amounts	544,656	572,601	(27,945)
<i>Total Liabilities</i>	<u>7,022,481</u>	<u>6,786,790</u>	<u>235,691</u>
Deferred Inflows of Resources			
Property Taxes	3,702,975	3,388,309	314,666
Payment in Lieu of Taxes	2,476	2,476	0
Pension	218,989	400,813	(181,824)
OPEB	601,357	538,935	62,422
<i>Total Deferred Inflows of Resources</i>	<u>4,525,797</u>	<u>4,330,533</u>	<u>195,264</u>
Net Position			
Net Investment in Capital Assets	3,727,243	3,896,156	(168,913)
Restricted	1,129,137	642,714	486,423
Unrestricted (Deficit)	(749,931)	(1,484,203)	734,272
<i>Total Net Position</i>	<u>\$4,106,449</u>	<u>\$3,054,667</u>	<u>\$1,051,782</u>

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited*

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$1,510,396. Current and other assets increased \$1,747,511, primarily due to increases in equity in pooled cash and cash equivalents. This increase is primarily due an increase in assessed property valuation, which is resulting in an increase in property tax revenue. Additionally, the increase in assessed valuation has resulted in an increase in property taxes receivable. The School District also reflects a net OPEB asset in the amount of \$297,580, a slight increase from the prior year. Capital assets decreased in the amount of \$244,461, due to annual depreciation exceeding capital asset additions.

Total liabilities increased \$235,691. Current and other liabilities decreased slightly by \$10,289. Long-term liabilities increased \$245,980, primarily due an increase in net pension liability, which as mentioned previously, represents the School District’s proportionate share of the unfunded benefits of the retirement systems. The increase in the net pension liability was offset by a decrease in the net OPEB liability as well as annual debt service payments on long-term debt.

In order to further understand what makes up the changes in net position for the current year, the following tables gives readers further details regarding the results of activities for 2021 and 2020.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

Table 2
Changes in Net Position
Governmental Activities

	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$296,099	\$402,971	(\$106,872)
Operating Grants and Contributions	938,761	777,264	161,497
<i>Total Program Revenues</i>	<u>1,234,860</u>	<u>1,180,235</u>	<u>54,625</u>
General Revenues:			
Property Taxes	4,043,767	3,677,543	366,224
Revenue in Lieu of Taxes	2,476	2,476	0
Grants and Entitlements not Restricted to Specific Programs	2,482,545	2,445,820	36,725
Interest	11,292	34,793	(23,501)
Gas and Oil Lease Bonus	0	83,370	(83,370)
Others	11,857	20,531	(8,674)
<i>Total General Revenues</i>	<u>6,551,937</u>	<u>6,264,533</u>	<u>287,404</u>
<i>Total Revenues</i>	<u>7,786,797</u>	<u>7,444,768</u>	<u>342,029</u>
Program Expenses			
Instruction:			
Regular	319,739	342,185	(22,446)
Special	309,045	231,986	77,059
Vocational	3,372,965	3,250,564	122,401
Adult/Continuing	6,241	10,841	(4,600)
Student Intervention Services	58,828	101,153	(42,325)
Support Services:			
Pupil	352,585	230,596	121,989
Instructional Staff	350,118	399,731	(49,613)
Board of Education	74,740	82,599	(7,859)
Administration	274,535	312,006	(37,471)
Fiscal	346,271	393,413	(47,142)
Operation and Maintenance of Plant	888,267	718,932	169,335
Central	117,667	152,405	(34,738)
Operation of Non-Instructional Services	9,092	0	9,092
Food Service Operations	231,072	225,685	5,387
Extracurricular	16,581	48,579	(31,998)
Interest and Fiscal Charges	7,269	8,902	(1,633)
<i>Total Expenses</i>	<u>6,735,015</u>	<u>6,509,577</u>	<u>225,438</u>
Change in Net Position	1,051,782	935,191	116,591
<i>Net Position Beginning of Year</i>	<u>3,054,667</u>	<u>2,119,476</u>	<u>935,191</u>
<i>Net Position End of Year</i>	<u>\$4,106,449</u>	<u>\$3,054,667</u>	<u>\$1,051,782</u>

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited*

In fiscal year 2021, approximately 52 percent of the School District's revenues were from property taxes and approximately 32 percent were from unrestricted grants and entitlements. Charges for services and sales program revenue decreased \$106,872 primarily due to a decrease in tuition and fees. Operating grants and contributions program revenue increased \$161,497. The ongoing COVID-19 pandemic impacted the changes in both program revenue sources, as participation in fee based programs decreased, while federal relief funding increased.

The School District receives revenue in lieu of taxes as part of a Tax Increment Financing (TIF) agreement with the City of Steubenville. See Note 7 for further details.

Instructional programs comprise approximately 60 percent of total governmental program expenses. Of the instructional expenses, approximately 83 percent is for vocational instruction, approximately 8 percent is for regular instruction, approximately 8 percent is for special instruction, and the remaining is for student intervention services, and adult/continuing instruction. Overall program expenses increased \$225,438. The increase in program expenses is primarily due to an overall increase in operating expense.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2021 and 2020. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020	2021	2020
Program Expenses				
Instruction:				
Regular	\$319,739	\$342,185	\$298,498	\$320,944
Special	309,045	231,986	263,023	185,964
Vocational	3,372,965	3,250,564	2,593,675	2,432,359
Adult/Continuing	6,241	10,841	6,241	10,841
Student Intervention Services	58,828	101,153	58,828	101,153
Support Services:				
Pupil	352,585	230,596	215,638	216,436
Instructional Staff	350,118	399,731	350,118	399,731
Board of Education	74,740	82,599	74,740	82,599
Administration	274,535	312,006	274,535	312,006
Fiscal	346,271	393,413	345,378	392,660
Operation and				
Maintenance of Plant	888,267	718,932	839,630	652,320
Central	117,667	152,405	102,843	152,405
Operation of Non-Instructional Services	9,092	0	9,092	0
Food Service Operations	231,072	225,685	62,018	54,206
Extracurricular	16,581	48,579	(1,371)	6,816
Interest and Fiscal Charges	7,269	8,902	7,269	8,902
<i>Total Expenses</i>	<u>\$6,735,015</u>	<u>\$6,509,577</u>	<u>\$5,500,155</u>	<u>\$5,329,342</u>

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited*

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 97 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Permanent Improvement Capital Projects Fund. The General Fund had \$6,314,979 in revenues and \$5,378,437 in expenditures, and the Permanent Improvement Fund had \$654,148 in revenues and \$204,842 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$825,599 due to an increase in revenue from property taxes. The Permanent Improvement Capital Projects Fund's balance increased \$449,306 from the prior year, due primarily to a decrease in maintenance costs.

General Fund Budgeting Highlights

The School District'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 2021, the School District amended its General Fund estimated revenues and appropriations, and the budgetary statement reflects both the original and final appropriated amounts. Final appropriations differed from the original amounts as the budget was amended to reflect actual expenditures. There were no significant differences between final budget and actual activity during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$4,046,187 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2021, the School District had \$318,944 outstanding in 2010 Energy Conservation Qualified School Construction Bonds, with \$77,187 due in one year. See Note 14 for more information on the School District's debt and other long-term obligations, including compensated absences and the net pension liability/OPEB liability.

Economic Factors

Public Utility Tax Adjustments

The Public Utility Tax is the driving force for most of the significant increases in tax collections. Production since calendar year 2015 has shown remarkable growth. Although the per barrel oil production and price have both decreased over the past few years, the gas volume has increased and the price has remained somewhat stable.

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited*

Jefferson County is a heavy gas producer, unlike the surrounding counties that produce more oil. These values are reported as commercial and industrial values on the property tax bills. There is a two year lag from production year to collection year. The information provided in the table below is a valuable tool utilized by the Jefferson County Joint Vocational School District when projecting future tax revenues.

Ohio Department of Taxation Production for Jefferson County

	2016	2017	2018	2019	2020
Oil*	593	255	32	0	0
Gas**	46,012,135	144,368,353	352,464,237	533,605,775	484,550,351

Ohio Department of Taxation Prices

	2017	2018	2019	2020	2021
Oil	\$4,510	\$3,920	\$3,370	\$3,020	\$3,160
Gas	\$190	\$190	\$170	\$150	\$160

* Average Daily Production: one barrel or more

** Average Daily Production: eight MCF or more

Modular Home Sales

The Board of Education determined that the Carpentry Class project would continue with modular home construction on site. A section of the parking lot has been gated off in order to accommodate the project.

Construction on the second modular began during the 2018-2019 school year. The preferred method of sale is to have a buyer under contract before the modular is constructed; however, in the event that does not occur, the modular will be auctioned upon completion. Each modular home design is approved by the State and is subject to a permit. All transportation, site development, and any other additional costs are the responsibility of the buyer. The modular was completed in fiscal year 2021 and sold in fiscal year 2022 for \$50,100. Payment was received in full on September 20, 2021.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Karen Spoonmore, Treasurer/CFO, Jefferson County Joint Vocational School District, 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Basic Financial Statements

Jefferson County Joint Vocational School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,557,542
Accounts Receivable	86,549
Intergovernmental Receivable	106,951
Materials and Supplies Inventory	4,457
Prepaid Items	937
Property Taxes Receivable	4,398,770
Revenue in Lieu of Taxes Receivable	2,476
Cash and Cash Equivalents with Fiscal Agent	1,080,116
Net OPEB Asset	297,580
Non-Depreciable Capital Assets	87,522
Depreciable Capital Assets, Net	3,958,665
<i>Total Assets</i>	14,581,565
Deferred Outflows of Resources	
Pension	890,505
OPEB	182,657
<i>Total Deferred Outflows of Resources</i>	1,073,162
Liabilities	
Accounts Payable	78,103
Accrued Wages and Benefits Payable	388,337
Intergovernmental Payable	60,504
Matured Severance Payable	18,473
Accrued Interest Payable	1,991
Claims Payable	113,087
Long-Term Liabilities:	
Due Within One Year	109,655
Due In More Than One Year:	
Net Pension Liability	5,302,478
Net OPEB Liability	405,197
Other Amounts	544,656
<i>Total Liabilities</i>	7,022,481
Deferred Inflows of Resources	
Property Taxes	3,702,975
Payment in Lieu of Taxes	2,476
Pension	218,989
OPEB	601,357
<i>Total Deferred Inflows of Resources</i>	4,525,797
Net Position	
Net Investment in Capital Assets	3,727,243
Restricted for:	
Capital Projects	912,255
State Programs	94,830
Federal Programs	1,465
Student Activity Programs	70,079
Budget Stabilization	17,604
Other Purposes	32,904
Unrestricted (Deficit)	(749,931)
<i>Total Net Position</i>	\$4,106,449

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$319,739	\$0	\$21,241	(\$298,498)
Special	309,045	0	46,022	(263,023)
Vocational	3,372,965	270,360	508,930	(2,593,675)
Adult/Continuing	6,241	0	0	(6,241)
Student Intervention Services	58,828	0	0	(58,828)
Support Services:				
Pupil	352,585	0	136,947	(215,638)
Instructional Staff	350,118	0	0	(350,118)
Board of Education	74,740	0	0	(74,740)
Administration	274,535	0	0	(274,535)
Fiscal	346,271	0	893	(345,378)
Operation and Maintenance of Plant	888,267	0	48,637	(839,630)
Central	117,667	0	14,824	(102,843)
Operation of Non-Instructional/Shared Services	9,092	0	0	(9,092)
Food Service Operations	231,072	7,787	161,267	(62,018)
Extracurricular Activities	16,581	17,952	0	1,371
Interest and Fiscal Charges	7,269	0	0	(7,269)
<i>Total Governmental Activities</i>	<u>\$6,735,015</u>	<u>\$296,099</u>	<u>\$938,761</u>	<u>(5,500,155)</u>
General Revenues				
Property Taxes Levied for General Purposes				3,367,876
Property Taxes Levied for Capital Projects				675,891
Revenue in Lieu of Taxes for General Purposes				2,476
Grants and Entitlements not Restricted to Specific Programs				2,482,545
Contributions and Donations				5,425
Interest				11,292
Miscellaneous				6,432
<i>Total General Revenues</i>				<u>6,551,937</u>
Change in Net Position				1,051,782
<i>Net Position Beginning of Year</i>				<u>3,054,667</u>
<i>Net Position End of Year</i>				<u>\$4,106,449</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$3,481,825	\$830,869	\$226,819	\$4,539,513
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	18,029	0	0	18,029
Receivables:				
Accounts	50,100	0	0	50,100
Property Taxes	3,677,733	721,037	0	4,398,770
Intergovernmental	47,327	0	59,624	106,951
Revenue in Lieu of Taxes	2,476	0	0	2,476
Interfund	74,437	0	0	74,437
Prepaid Items	937	0	0	937
Materials and Supplies Inventory	0	0	4,457	4,457
<i>Total Assets</i>	<u>\$7,352,864</u>	<u>\$1,551,906</u>	<u>\$290,900</u>	<u>\$9,195,670</u>
Liabilities				
Accounts Payable	\$39,933	\$37,287	\$883	\$78,103
Accrued Wages and Benefits Payable	374,417	0	13,920	388,337
Intergovernmental Payable	54,557	0	5,947	60,504
Matured Severance Payable	18,473	0	0	18,473
Interfund Payable	0	0	74,437	74,437
<i>Total Liabilities</i>	<u>487,380</u>	<u>37,287</u>	<u>95,187</u>	<u>619,854</u>
Deferred Inflows of Resources				
Property Taxes	3,100,611	602,364	0	3,702,975
Payment in Lieu of Taxes	2,476	0	0	2,476
Unavailable Revenue	478,872	90,803	58,899	628,574
<i>Total Deferred Inflows of Resources</i>	<u>3,581,959</u>	<u>693,167</u>	<u>58,899</u>	<u>4,334,025</u>
Fund Balances				
Nonspendable:				
Materials and Supplies Inventory	0	0	4,457	4,457
Prepaid Items	937	0	0	937
Unclaimed Monies	425	0	0	425
Restricted for:				
Capital Projects	0	821,452	0	821,452
State Programs	0	0	90,830	90,830
Federal Programs	0	0	1,465	1,465
Student Activity Programs	0	0	70,079	70,079
Budget Stabilization	17,604	0	0	17,604
Other Purposes	0	0	32,904	32,904
Committed to Capital Projects	203,518	0	0	203,518
Assigned to Purchases on Order	132,319	0	0	132,319
Unassigned (Deficit)	2,928,722	0	(62,921)	2,865,801
<i>Total Fund Balances</i>	<u>3,283,525</u>	<u>821,452</u>	<u>136,814</u>	<u>4,241,791</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$7,352,864</u>	<u>\$1,551,906</u>	<u>\$290,900</u>	<u>\$9,195,670</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021*

Total Governmental Fund Balances		\$4,241,791
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,046,187
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	522,348	
Intergovernmental Revenues	106,226	
Total	628,574	628,574
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the Statement of Net Position.		1,003,478
On the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(1,991)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Bonds	318,944	
Compensated Absences	335,367	
Total	654,311	(654,311)
The net OPEB asset, net pension liability, and the net OPEB liability are not due and payable in the current period; therefore, the asset, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	297,580	
Deferred Outflows - Pension	890,505	
Deferred Outflows - OPEB	182,657	
Net Pension Liability	(5,302,478)	
Net OPEB Liability	(405,197)	
Deferred Inflows - Pension	(218,989)	
Deferred Inflows - OPEB	(601,357)	
Total	(5,157,279)	(5,157,279)
<i>Net Position of Governmental Activities</i>		\$4,106,449
See accompanying notes to the basic financial statements		

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,208,732	\$642,472	\$0	\$3,851,204
Intergovernmental	2,826,130	11,676	489,009	3,326,815
Interest	849	0	0	849
Tuition and Fees	265,763	0	0	265,763
Extracurricular Activities	4,597	0	17,952	22,549
Revenue in Lieu of Taxes	2,476	0	0	2,476
Contributions and Donations	0	0	5,425	5,425
Charges for Services	0	0	7,787	7,787
Miscellaneous	6,432	0	0	6,432
<i>Total Revenues</i>	<u>6,314,979</u>	<u>654,148</u>	<u>520,173</u>	<u>7,489,300</u>
Expenditures				
Current:				
Instruction:				
Regular	305,598	0	0	305,598
Special	281,351	0	0	281,351
Vocational	2,696,412	24,500	215,291	2,936,203
Adult/Continuing	6,360	0	0	6,360
Student Intervention Services	58,421	0	0	58,421
Support Services:				
Pupil	236,594	0	102,001	338,595
Instructional Staff	337,628	0	0	337,628
Board of Education	75,048	0	0	75,048
Administration	247,205	0	0	247,205
Fiscal	315,066	15,672	0	330,738
Operation and Maintenance of Plant	711,785	164,670	39,501	915,956
Central	106,969	0	14,824	121,793
Food Service Operations	0	0	218,395	218,395
Extracurricular Activities	0	0	16,581	16,581
Debt Service:				
Principal Retirement	0	0	75,548	75,548
Interest and Fiscal Charges	0	0	7,741	7,741
<i>Total Expenditures</i>	<u>5,378,437</u>	<u>204,842</u>	<u>689,882</u>	<u>6,273,161</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>936,542</u>	<u>449,306</u>	<u>(169,709)</u>	<u>1,216,139</u>
Other Financing Sources (Uses)				
Transfers In	0	0	110,943	110,943
Transfers Out	(110,943)	0	0	(110,943)
<i>Total Other Financing Sources (Uses)</i>	<u>(110,943)</u>	<u>0</u>	<u>110,943</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	825,599	449,306	(58,766)	1,216,139
<i>Fund Balances Beginning of Year</i>	<u>2,457,926</u>	<u>372,146</u>	<u>195,580</u>	<u>3,025,652</u>
<i>Fund Balances End of Year</i>	<u>\$3,283,525</u>	<u>\$821,452</u>	<u>\$136,814</u>	<u>\$4,241,791</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds \$1,216,139

Amounts reported for governmental activities on the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Asset Additions	118,661	
Depreciation	(363,122)	
Total		(244,461)

Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:

Delinquent Property Taxes	192,563	
Intergovernmental Revenues	94,491	
Total		287,054

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position.

General Obligation Bonds		75,548
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Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.

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Some expenses reported on the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.

Compensated Absences Payable		(52,027)
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The internal service fund used by management to charge the costs of insurance to individual funds is not reported on the Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.

(60,531)

Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:

Pension	383,281	
OPEB	10,536	
Total		393,817

Except for amounts reported as deferred outflows/inflows, changes in net pension/OPEB (asset)/liability are reported as pension/OPEB expense on the Statement of Activities:

Pension	(580,885)	
OPEB	16,656	
Total		(564,229)

Change in Net Position of Governmental Activities

\$1,051,782

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$2,989,945	\$3,245,138	\$3,245,138	\$0
Intergovernmental	2,822,690	2,826,130	2,826,130	0
Interest	3,000	849	849	0
Tuition and Fees	276,940	265,763	265,763	0
Extracurricular Activities	12,000	4,597	4,597	0
Revenue in Lieu of Taxes	2,476	2,476	2,476	0
Gas and Oil Lease Bonus	0	0	0	0
Miscellaneous	77,543	6,429	6,432	3
<i>Total Revenues</i>	<u>6,184,594</u>	<u>6,351,382</u>	<u>6,351,385</u>	<u>3</u>
Expenditures				
Current:				
Instruction:				
Regular	477,000	314,459	314,459	0
Special	393,015	276,003	276,003	0
Vocational	2,973,491	2,730,274	2,730,274	0
Adult/Continuing	19,573	6,598	6,598	0
Student Intervention Services	103,763	65,748	65,748	0
Support Services:				
Pupil	343,262	238,066	238,066	0
Instructional Staff	351,329	399,803	399,803	0
Board of Education	79,200	77,201	77,201	0
Administration	321,545	250,638	250,638	0
Fiscal	372,806	315,345	315,345	0
Operation and Maintenance of Plant	664,070	769,121	769,121	0
Central	138,795	119,494	119,494	0
<i>Total Expenditures</i>	<u>6,237,849</u>	<u>5,562,750</u>	<u>5,562,750</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>(53,255)</u>	<u>788,632</u>	<u>788,635</u>	<u>3</u>
Other Financing Sources (Uses)				
Advances In	37,528	11,040	11,040	0
Advances Out	0	(74,437)	(74,437)	0
Transfers In	189,616	0	0	0
Transfers Out	0	(110,943)	(110,943)	0
<i>Total Other Financing Sources (Uses)</i>	<u>227,144</u>	<u>(174,340)</u>	<u>(174,340)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	173,889	614,292	614,295	3
<i>Fund Balance Beginning of Year</i>	2,598,939	2,598,939	2,598,939	0
Prior Year Encumbrances Appropriated	124,965	124,965	124,965	0
<i>Fund Balance End of Year</i>	<u>\$2,897,793</u>	<u>\$3,338,196</u>	<u>\$3,338,199</u>	<u>\$3</u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Governmental Activity
	<u>Internal Service Fund</u>
Assets	
Cash and Cash Equivalents with Fiscal Agent	\$1,080,116
Accounts Receivable	<u>36,449</u>
<i>Total Assets</i>	1,116,565
Liabilities	
Claims Payable	<u>113,087</u>
Net Position	
Unrestricted	<u><u>\$1,003,478</u></u>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	\$895,071
Other Operating Revenues	54,941
<i>Total Operating Revenues</i>	950,012
Operating Expenses	
Purchased Services	248,282
Claims	772,704
<i>Total Operating Expenses</i>	1,020,986
<i>Operating Loss</i>	(70,974)
Non-Operating Revenues	
Interest	10,443
<i>Change in Net Position</i>	(60,531)
<i>Net Position Beginning of Year</i>	1,064,009
<i>Net Position End of Year</i>	\$1,003,478

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Governmental Activity
	Internal Service Fund
Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$895,071
Cash Payments for Goods and Services	(248,282)
Cash Payments for Claims	(1,089,047)
Cash Received from Other Operating Revenue	409,511
<i>Net Cash Used for Operating Activities</i>	<i>(32,747)</i>
Cash Flows from Investing Activities	
Interest	10,443
Net Decrease in Cash and Cash Equivalents	(22,304)
<i>Cash and Cash Equivalents Beginning of Year</i>	<i>1,102,420</i>
<i>Cash and Cash Equivalents End of Year</i>	<i>\$1,080,116</i>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(\$70,974)
Decrease in Accounts Receivable	30,475
Increase in Claims Payable	7,752
<i>Net Cash Used for Operating Activities</i>	<i>(\$32,747)</i>

See accompanying notes to the basic financial statements

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 3331.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five members' schools throughout Jefferson County and one member school from Carroll County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local, and Edison Local School Districts.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July of 1972, and passed.

Ground breaking occurred on January 26, 1974. In September, 1975, the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the School District is staffed by 5 administrative employees, 22 non-certificated employees, and 29 certificated personnel who provide services to 302 students and other community members.

Reporting Entity:

Since the School District does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity," and Governmental Accounting Standards Board Statement 61, "The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34."

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Jefferson County Joint Vocational School District, this includes general operations, food service, and student related activities of the School District.

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) and the Coalition of Rural and Appalachian Schools (CORAS), jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) and the Schools of Ohio Risk Sharing Authority (SORSA), insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 16 and 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jefferson County Joint Vocational School District 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 most significant of the School District's accounting policies are described as follows:

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

Fund Financial Statements

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

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

General Fund - The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement Fund accounts for a permanent improvement levy used to finance various capital projects at the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, prescription drug, and dental claims.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resource measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. For proprietary funds, the Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, grants, charges for services, and revenue in lieu of taxes.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Net deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. See Note 11 and Note 12 for more information.

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), 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.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The School District utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "*Certain External Investment Pools and Pool Participants*." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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 fiscal year 2021 amounted to \$849, which includes \$326 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments. The School District had no investments meeting the above criteria.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds represent unexpended revenues restricted for unclaimed monies and amounts required by State Statute to be set aside to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades programs, houses are constructed on the School District site for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District's General Fund for reporting purposes.

During fiscal year 2022, the School District completed and sold the fully constructed modular home.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Jefferson County Joint Vocational School District

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	20 Years
Buildings and Improvements	21-50 Years
Furniture and Equipment	5-25 Years
Vehicles	8 - 15 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year service. The liability for vacation benefits is recorded as long-term liabilities, as the balances for most employees can be carried for up to at least three years accrual.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured severance payable” in the fund from which the employees will be paid.

Accrued Liabilities and Long-Term Obligations

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Fund Balance

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

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

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by

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enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2021 the School District has a committed fund balance for capital projects.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the School District Board of Education to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The amount assigned in the General Fund represents amounts encumbered for purchases on order.

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 School District 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 liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local receipts restricted for student programs.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
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Extraordinary and Special Items

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

Estimates

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

Budgetary Process

All funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) Statement No. 98, *The Annual Comprehensive Financial Report*. GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The School District is also implementing *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

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For the Fiscal Year Ended June 30, 2021*

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or unassigned fund balance (GAAP basis).
4. Advances in and advance out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$825,599
Revenue Accruals	36,406
Advances In	11,040
Expenditure Accruals	(22,658)
Advance Out	(74,437)
Encumbrances	<u>(161,655)</u>
Budget Basis	<u><u>\$614,295</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State Statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District 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.

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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 School District 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;
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); and
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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2021, the School District's internal service fund had a balance of \$1,080,116 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 17). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2021, \$1,526,138 of the School District's total bank balance of \$4,065,345 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

The School District 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 School District 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 percent 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 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2021, the School District's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was \$533,326 and the investment has an average maturity of 54.4 days.

Interest Rate Risk: The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. 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 School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson, Harrison, Carroll, and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes which were measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$145,577 in the General Fund and \$27,870 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2020, was \$181,983 in the General Fund and \$34,097 in the Permanent Improvement Capital Projects Fund.

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

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The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$1,173,661,690	75.17%	\$1,198,313,570	72.36%
Public Utility Personal	387,739,270	24.83%	457,672,520	27.64%
Total Assessed Values	<u>\$1,561,400,960</u>	<u>100.00%</u>	<u>\$1,655,986,090</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$2.50		\$2.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, intergovernmental grants, accounts, revenue in lieu of taxes, and interfund receivables. 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. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$522,348 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Perkins Grant	\$32,599
Rural Achievement Program Grant	46,027
High Schools That Work Grant	4,000
Governors Emergency Education Relief Grant	22,300
Broadband Ohio Connectivity Grant	725
Fiscal Year State Foundation Adjustment	1,300
Total Intergovernmental Receivable	<u>\$106,951</u>

Revenue In Lieu of Taxes

Business Development: On November 17, 2015, the Board of Education of Jefferson County Joint Vocational School District approved a Tax Increment Financing Agreement (TIF) with the City of Steubenville. The purpose of the TIF is economic development and infrastructure improvements benefitting the public. The TIF agreement is for a thirty year period effective December 3, 2015. During fiscal year 2021, a payment in the amount of \$2,476 was received. As of June 30, 2021, a receivable for \$2,476 has been recorded which represents the payment anticipated for fiscal year 2022.

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund Balances

The School District had the following interfund balances at June 30, 2021:

Jefferson County Joint Vocational School District

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	<u>Interfund Payable</u>	<u>Interfund Receivable</u>
		<u>General Fund</u>
Other Nonmajor Funds		<u>\$74,437</u>

The General Fund made loans to the Perkins Grant, Miscellaneous State Grant, Governor's Emergency Education Relief, and Coronavirus Relief Special Revenue Funds to support the program until grant monies are received to operate the programs.

Transfers

The School District made the following transfers during the fiscal year:

	<u>Transfers In</u>	<u>Transfers Out</u>
		<u>General Fund</u>
Other Nonmajor Funds		<u>\$110,943</u>

Transfers from the General Fund were used to provide resources to the Debt Service Fund for scheduled debt service payments. Additionally, General Fund transfers were also used to support the food service operations, and student activities programs.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

	<u>Balance</u> 6/30/20	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> 6/30/21
Nondepreciable Capital Assets:				
Land	\$87,522	\$0	\$0	\$87,522
Depreciable Capital Assets:				
Land Improvements	196,517	0	0	196,517
Buildings and Improvements	8,583,354	46,120	0	8,629,474
Furniture and Equipment	1,659,974	72,541	0	1,732,515
Vehicles	71,883	0	0	71,883
Total Depreciable Capital Assets	<u>10,511,728</u>	<u>118,661</u>	<u>0</u>	<u>10,630,389</u>
Accumulated Depreciation:				
Land Improvements	(115,342)	(15,404)	0	(130,746)
Buildings and Improvements	(5,022,631)	(243,848)	0	(5,266,479)
Furniture and Equipment	(1,121,330)	(101,213)	0	(1,222,543)
Vehicles	(49,299)	(2,657)	0	(51,956)
Total Accumulated Depreciation	<u>(6,308,602)</u>	<u>(363,122)</u>	<u>0</u>	<u>(6,671,724)</u>
Total Depreciable Capital Assets, Net	<u>4,203,126</u>	<u>(244,461)</u>	<u>0</u>	<u>3,958,665</u>
Governmental Capital Assets, Net	<u>\$4,290,648</u>	<u>(\$244,461)</u>	<u>\$0</u>	<u>\$4,046,187</u>

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Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	\$321,490
Support Services:	
Administration	9,754
Fiscal	2,438
Operation of Maintenance and Plant	24,563
Food Service Operations	4,877
Total Depreciation Expense	<u>\$363,122</u>

NOTE 10 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool for property, general liability, and auto insurance. See Note 17 for further details. Coverages provided are as follows:

<i>Property - Including Inland Marine and Miscellaneous Equipment:</i>	
Building and Contents-replacement cost (no deductible)	\$26,246,701
<i>Crime Cover:</i>	
Employee Theft	1,000,000
Forgery	1,000,000
Computer Fraud	1,000,000
<i>General Liability:</i>	
Each Occurance	15,000,000
Aggregated Limit	17,000,000
<i>Automobile Liability:</i>	
Bodily Injury and Property Damage- Per Occurance	15,000,000
Medical Payments - Per Occurance	10,000
Medical Payments - Aggregate	25,000
Uninsured Motorist - Aggregate	1,000,000

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

Worker's Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

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Employee Benefits

Medical/surgical, prescription drug, life, and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical/prescription drug coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is \$1,588.79 for individual coverage per month and \$3,151.56 for family coverage per month which represents 95 percent of the total premium for the certified and classified staff. The premium is paid from the fund that pays the salary of the covered employee. Premiums for the dental coverage are \$49.90 per month for family coverage and \$110.55 per month for single coverage for all staff. The Board's share of dental coverage premiums is 95 percent for the certified and classified staff.

The claims liability of \$113,087 reported in the Internal Service Fund at June 30, 2020, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

<u>Program</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
Self Insurance - Health				
2020	\$81,011	\$817,484	\$793,160	\$105,335
2021	105,335	809,153 (1)	801,401 (2)	113,087
(1) Claims Expense		\$772,704		
+ Stop Loss Receivable		<u>36,449</u>		
Current Year Claims		<u><u>\$809,153</u></u>		
(2) Cash Payments for Claims			\$1,089,047	
- Stop Loss Received for 2021 Claims			<u>(287,646)</u>	
Claims Payments			<u><u>\$801,401</u></u>	

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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.

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The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 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 *net OPEB asset* or long-term *net pension/OPEB liability* 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District 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, 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:

Jefferson County Joint Vocational School District

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	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. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$90,125 for fiscal year 2021, of which the full amount has been contributed.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District 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.

Jefferson County Joint Vocational School District

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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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. 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 is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$293,156 for fiscal year 2021. Of this amount \$40,945 is reported as an intergovernmental payable.

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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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District'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>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01822640%	0.01693201%	
Prior Measurement Date	<u>0.01833500%</u>	<u>0.01752372%</u>	
Change in Proportionate Share	<u>-0.00010860%</u>	<u>-0.00059171%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,205,533	\$4,096,945	\$5,302,478
Pension Expense	\$134,127	\$446,758	\$580,885

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,342	\$9,193	\$11,535
Changes of assumptions	0	219,927	219,927
Net difference between projected and actual earnings on pension plan investments	76,527	199,235	275,762
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	0	0
School District contributions subsequent to the measurement date	<u>90,125</u>	<u>293,156</u>	<u>383,281</u>
Total Deferred Outflows of Resources	<u>\$168,994</u>	<u>\$721,511</u>	<u>\$890,505</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$26,197	\$26,197
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>21,096</u>	<u>171,696</u>	<u>192,792</u>
Total Deferred Inflows of Resources	<u>\$21,096</u>	<u>\$197,893</u>	<u>\$218,989</u>

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\$383,281 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$19,685)	\$62,524	\$42,839
2023	21,601	24,202	45,803
2024	31,898	79,313	111,211
2025	23,959	64,423	88,382
Total	\$57,773	\$230,462	\$288,235

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, 2020, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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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.

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.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	<u>5.00</u>	6.65
Total	<u>100.00 %</u>	

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

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Decrease (8.50%)
School District's proportionate share of the net pension liability	\$1,651,432	\$1,205,533	\$831,414

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

Actuarial assumptions used in the July 1 2020, 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:

<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	1.00	2.25
Total	<u>100.00 %</u>	

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- * 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but does not include investment expense. 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, 2020. 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$5,833,335	\$4,096,945	\$2,625,497

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2021, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - DEFINED BENEFIT OPEB PLAN

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District 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.

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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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$10,536.

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 School District's contractually required contribution to SERS was \$10,536 for fiscal year 2021, of which the full amount is reported as an intergovernmental payable.

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. 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. All benefit recipients 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, 2021, STRS did not allocate any employer contributions to post-employment health care.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District'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 and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.01864410%	0.01693201%	
Prior Measurement Date	<u>0.01852610%</u>	<u>0.01752372%</u>	
Change in Proportionate Share	<u>0.00011800%</u>	<u>-0.00059171%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$405,197	\$0	\$405,197
Net OPEB (Asset)	\$0	(\$297,580)	(\$297,580)
OPEB Expense	\$6,249	(\$22,905)	(\$16,656)

At June 30, 2021, the School District 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$5,321	\$19,067	\$24,388
Changes of assumptions	69,072	4,913	73,985
Net difference between projected and actual earnings on OPEB plan investments	4,565	10,429	14,994
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	58,754	0	58,754
School District contributions subsequent to the measurement date	<u>10,536</u>	<u>0</u>	<u>10,536</u>
Total Deferred Outflows of Resources	<u>\$148,248</u>	<u>\$34,409</u>	<u>\$182,657</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$206,071	\$59,273	\$265,344
Changes of assumptions	10,206	282,651	292,857
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>25,867</u>	<u>17,289</u>	<u>43,156</u>
Total Deferred Inflows of Resources	<u>\$242,144</u>	<u>\$359,213</u>	<u>\$601,357</u>

Jefferson County Joint Vocational School District

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For the Fiscal Year Ended June 30, 2021*

\$10,536 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. 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>
2022	(\$16,162)	(\$82,055)	(\$98,217)
2023	(15,831)	(74,996)	(90,827)
2024	(15,885)	(72,516)	(88,401)
2025	(25,613)	(66,876)	(92,489)
2026	(23,533)	(13,844)	(37,377)
Thereafter	<u>(7,408)</u>	<u>(14,517)</u>	<u>(21,925)</u>
Total	<u>(\$104,432)</u>	<u>(\$324,804)</u>	<u>(\$429,236)</u>

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.

Jefferson County Joint Vocational School District

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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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-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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 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 2.45 percent, as of June 30, 2020 (i.e.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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 School District's 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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease <u>(1.63%)</u>	Current Discount Rate <u>(2.63%)</u>	1% Increase <u>(3.63%)</u>
School District's proportionate share of the net OPEB liability	\$495,951	\$405,197	\$333,048

	1% Decrease <u>(6.00 % decreasing to 3.75%)</u>	Current Trend Rate <u>(7.00 % decreasing to 4.75%)</u>	1% Increase <u>(8.00 % decreasing to 5.75%)</u>
School District's proportionate share of the net OPEB liability	\$319,062	\$405,197	\$520,382

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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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, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS 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 as of June 30, 2020. 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, 2020.

Sensitivity of the School District's 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, 2020, 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 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.

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	(\$258,914)	(\$297,580)	(\$330,387)
		<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$328,350)	(\$297,580)	(\$260,097)

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days 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 is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

Other Insurance Benefits

The Board pays 100 percent of the premiums for life and vision coverage. Life insurance is provided through MetLife. Coverage is in the amount of \$45,000 for all certified teachers and classified employees at a total monthly premium of \$7.61 and coverage of \$50,000 for administrators at a total monthly premium of \$8.95. The School District provides vision insurance through Vision Service Plan at a cost of \$9.18 for single coverage and \$23.17 for family coverage per month.

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

	<u>Outstanding 6/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/21</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
<i>General Obligation Bonds</i>					
<i>2010 Energy Conservation Qualified</i>					
<i>School Construction Bonds:</i>					
Serial Bonds, \$1,078,690 @ 2.170%	394,492	0	75,548	318,944	77,187
<i>Compensated Absences</i>	283,340	61,781	9,754	335,367	32,468
<i>Other Long-Term Obligations:</i>					
<i>Net Pension Liability</i>					
SERS	1,097,015	108,518	0	1,205,533	0
STRS	3,875,266	221,679	0	4,096,945	0
Total Net Pension Liability	4,972,281	330,197	0	5,302,478	0
<i>SERS Net OPEB Liability</i>	465,893	0	60,696	405,197	0
Total Governmental Activities	<u>\$6,116,006</u>	<u>\$391,978</u>	<u>\$145,998</u>	<u>\$6,361,986</u>	<u>\$109,655</u>

2010 Energy Conservation Qualified School Construction Bonds

On March 17, 2010, Jefferson County Joint Vocational School District issued \$1,078,690 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 2.170 percent interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

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As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA/Negative from Standard & Poor’s for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Principal and Interest requirements to retire the remaining outstanding qualified school construction bonds for the 2010 Energy Conservation Bonds are as follows:

Fiscal Year Ending June 30	Serial Bonds		
	Principal	Interest	Total
2022	\$77,187	\$6,084	\$83,271
2023	78,862	4,390	83,252
2024	80,573	2,660	83,233
2025	82,322	892	83,214
Total	<u>\$318,944</u>	<u>\$14,026</u>	<u>\$332,970</u>

The School District's voted legal debt margin was \$148,719,804, with an unvoted debt margin of \$1,655,986, at June 30, 2021.

Compensated absences

Compensated absences will be paid from the General Fund.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the General Fund, and Food Service and Perkins Grant Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 11 and 12.

NOTE 15 - COMMITMENTS

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

Major Funds:	
General	\$161,655
Permanent Improvement	160,631
Other Non-major Governmental Funds	<u>27,919</u>
Total	<u>\$350,205</u>

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2021, the total amount paid to OME-RESA from the School District was \$28,645 for technology services, and financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS)

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including approximately 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2021.

NOTE 17 - PUBLIC ENTITY POOLS

Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$265 for policy year 2021 was paid to CompManagement, Inc.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
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Schools of Ohio Risk Sharing Authority (SORSA)

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred twenty one school districts, educational service centers, and joint vocational school districts participate in the SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public official's errors and omissions liability insurance.

Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan

The School District participates in the Jefferson Health Plan Self-Insurance Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, a risk-sharing, claims servicing, and insurance purchasing pool composed of over one hundred eighty members. Each participant appoints a member of the insurance plans' assembly. The Plans' business affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, vision, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$500,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$1,500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

The School District is required by State Statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may, at the discretion of the board, be returned to the School District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute.

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Restricted Balance as of June 30, 2020	\$0	\$17,604
Current Year Set-aside Requirement	68,738	0
Current Year Offsets	<u>(660,375)</u>	<u>0</u>
Totals	<u>(\$591,637)</u>	<u>\$17,604</u>
Balance Carried Forward to Fiscal Year 2022	<u>\$0</u>	<u>\$17,604</u>
Set-aside Restricted Balance as of June 30, 2021	<u>\$0</u>	<u>\$17,604</u>

The School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future fiscal years. The School District also had prior fiscal year capital expenditures from note and bond proceeds that may be carried forward to offset future set-aside requirements, if needed. The total restricted balance for the set-asides at the end of the fiscal year was \$17,604.

NOTE 19 - CONTINGENCIES

Grants

The School District 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
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School Foundation

School District 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 the 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 2021 have been finalized which did not result in a material receivable from, or liability to, the School District.

Litigation

The School District is currently not a party to any pending litigation.

Oil and Gas Lease

Previously, the Board of Education entered into a “Paid-Up” Oil and Gas Lease with Hess Ohio Resources, LLC. On September 20, 2016, The Board of Education approved an addendum to the oil and gas lease agreement with Ascent Resources - Utica, LLC, previously, Hess Ohio Resources. The oil and gas lease was amended to extend the lease period from October 12, 2011, to October 11, 2019, and the School District has an option to extend the primary term of this lease for up to two additional successive terms of one year each. On October 16, 2019, the School District received \$83,370 which represents the first extension payment. As of the date of the financial statements, the School District has not received a second extension payment.

The School District has a total of 88.691 acres subject to the lease provisions which call for payments or royalties to the School District (Lessor), in addition to the bonus. The royalties will be 18.75 percent of the gross price paid to Ascent Resources - Utica, LLC (Lessee) for such gas oil, and other hydrocarbons so produced and marketed from the leased premises. The total carrying value of the land leased is \$87,522. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

NOTE 20 - ACCOUNTABILITY

At June 30, 2021, the following nonmajor special revenue funds had deficit fund balances:

	<u>Fund Deficit</u>
Governor's Emergency Education Stabilization Fund	(\$22,300)
Cornoavirus Relief	(883)
Perkins Grant	(32,599)

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 22 - SUBSEQUENT EVENTS

State Foundation Funding

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$35,932 in tuition and fees from the resident school district which will be direct funded to the School District in fiscal year 2022. This new funding system calculates a unique base cost for each School District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**Required
Supplementary
Information**

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Eight Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net Pension Liability	0.01822640%	0.01833500%	0.01992380%
School District's Proportionate Share of the Net Pension Liability	\$1,205,533	\$1,097,015	\$1,141,073
School District's Covered Payroll	\$638,979	\$641,200	\$591,319
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.67%	171.09%	192.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

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

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014
0.01565330%	0.01682840%	0.01668270%	0.01718500%	0.01718500%
\$935,249	\$1,231,684	\$951,931	\$869,723	\$1,021,937
\$503,786	\$523,329	\$504,173	\$500,996	\$476,847
185.64%	235.36%	188.81%	173.60%	214.31%
69.50%	62.98%	69.16%	71.70%	65.52%

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Eight Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net Pension Liability	0.01693201%	0.01752372%	0.01766606%
School District's Proportionate Share of the Net Pension Liability	\$4,096,945	\$3,875,266	\$3,884,370
School District's Covered Payroll	\$2,048,457	\$2,063,450	\$2,011,521
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.00%	187.81%	193.11%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

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

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

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014
0.01781101%	0.18349290%	0.01829970%	0.01863591%	0.01863591%
\$4,231,044	\$6,142,060	\$5,057,503	\$4,532,899	\$5,399,559
\$1,960,729	\$1,927,607	\$1,940,271	\$1,900,685	\$1,893,638
215.79%	318.64%	260.66%	238.49%	285.14%
75.30%	66.80%	72.10%	74.70%	69.30%

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.01864410%	0.01852610%	0.01968220%	0.01565390%	0.01675290%
School District's Proportionate Share of the Net OPEB Liability	\$405,197	\$465,893	\$546,038	\$420,110	\$477,520
School District's Covered Payroll	\$638,979	\$641,200	\$591,319	\$503,786	\$523,329
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	62.50%	72.66%	92.34%	83.39%	91.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

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

See accompanying notes to the required supplementary information.

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Five Fiscal Years (1) **

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.01693201%	0.01752372%	0.01766606%	0.01781101%	0.01834929%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$297,580)	(\$290,234)	(\$283,875)	\$694,919	\$981,325
School District's Covered Payroll	\$2,048,457	\$2,063,450	\$2,011,521	\$1,960,729	\$1,927,607
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-15.40%	-14.07%	-14.11%	35.44%	50.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

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

See accompanying notes to the required supplementary information.

Jefferson County Joint Vocational School District

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$90,125	\$89,457	\$86,562	\$79,828
Contributions in Relation to the Contractually Required Contribution	<u>(90,125)</u>	<u>(89,457)</u>	<u>(86,562)</u>	<u>(79,828)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$643,750	\$638,979	\$641,200	\$591,319
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$10,536	\$10,703	\$13,217	\$11,234
Contributions in Relation to the Contractually Required Contribution	<u>(10,536)</u>	<u>(10,703)</u>	<u>(13,217)</u>	<u>(11,234)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.64%</u>	<u>1.68%</u>	<u>2.06%</u>	<u>1.90%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.64%</u>	<u>15.68%</u>	<u>15.56%</u>	<u>15.40%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$70,530	\$73,266	\$66,450	\$69,438	\$65,996	\$63,589
<u>(70,530)</u>	<u>(73,266)</u>	<u>(66,450)</u>	<u>(69,438)</u>	<u>(65,996)</u>	<u>(63,589)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$503,786	\$523,329	\$504,173	\$500,996	\$476,847	\$472,780
<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>
\$7,465	\$7,186	\$11,479	\$7,957	\$7,591	\$8,264
<u>(7,465)</u>	<u>(7,186)</u>	<u>(11,479)</u>	<u>(7,957)</u>	<u>(7,591)</u>	<u>(8,264)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.48%</u>	<u>1.37%</u>	<u>2.28%</u>	<u>1.59%</u>	<u>1.59%</u>	<u>1.75%</u>
<u>15.48%</u>	<u>15.37%</u>	<u>15.46%</u>	<u>15.45%</u>	<u>15.43%</u>	<u>15.20%</u>

Jefferson County Joint Vocational School District

*Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$293,156	\$286,784	\$288,883	\$281,613
Contributions in Relation to the Contractually Required Contribution	<u>(293,156)</u>	<u>(286,784)</u>	<u>(288,883)</u>	<u>(281,613)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,093,971	\$2,048,457	\$2,063,450	\$2,011,521
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$274,502	\$269,865	\$271,638	\$247,089	\$246,173	\$265,545
<u>(274,502)</u>	<u>(269,865)</u>	<u>(271,638)</u>	<u>(247,089)</u>	<u>(246,173)</u>	<u>(265,545)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,960,729	\$1,927,607	\$1,940,271	\$1,900,685	\$1,893,638	\$2,042,651
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$19,007	\$18,936	\$20,427
<u>0</u>	<u>0</u>	<u>0</u>	<u>(19,007)</u>	<u>(18,936)</u>	<u>(20,427)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Jefferson County Joint Vocational School District

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

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

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

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Jefferson County Joint Vocational School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Beginning with fiscal year 2018, 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.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Jefferson County Joint Vocational School District

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021*

Changes in Benefit Terms – STRS OPEB

For fiscal year 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 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 will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The discussion and analysis of the Jefferson County Joint Vocational School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2020 are as follows:

- In total, net position increased \$935,191.
- General revenues accounted for \$6,264,533 in revenue or approximately 84 percent of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$1,180,235 or approximately 16 percent of total revenues of \$7,444,768.
- Total assets of governmental activities increased \$1,387,388, primarily due to increases in cash and cash equivalents and property taxes receivable. Total liabilities of governmental activities decreased \$101,472, primarily due to decreases in long-term debt obligations and the net pension/OPEB liabilities.
- The School District had \$6,509,577 in expenses related to governmental activities; only \$1,180,235 of these expenses was offset by program specific charges for services and sales and operating grants and contributions. General revenues of \$6,264,533 were adequate to provide for these programs.
- Total governmental funds had \$7,266,097 in revenues and \$6,224,324 in expenditures. Overall, the net change in total governmental fund balances, including other financing sources (uses), was an increase of \$1,041,773.

Using this Annual Financial Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District'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 School District's most significant funds with all other non-major funds presented in total in one column.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities 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 School District's net position and changes in net position. This change in net position is important because it tells the reader whether, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are considered to be Governmental Activities including instruction, support services, food service operations, extracurricular activities, and debt service.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's funds begins on page 81. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal 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 School District's general governmental operations and the basic services it provides. Governmental fund information helps the reader 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.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019. The amounts for 2019 have been restated for the implementation of GASB 84.

Table 1
Net Position
Governmental Activities

	2020	2019	Change
Assets			
Current and Other Assets	\$8,490,287	\$6,971,171	\$1,519,116
Net OPEB Asset	290,234	283,875	6,359
Capital Assets	4,290,648	4,428,735	(138,087)
<i>Total Assets</i>	<u>13,071,169</u>	<u>11,683,781</u>	<u>1,387,388</u>
Deferred Outflows of Resources			
Pension	939,736	1,383,106	(443,370)
OPEB	161,085	148,502	12,583
<i>Total Deferred Outflows of Resources</i>	<u>1,100,821</u>	<u>1,531,608</u>	<u>(430,787)</u>
Liabilities			
Current and Other Liabilities	670,784	556,968	113,816
Long-Term Liabilities:			
Due Within One Year	105,231	106,753	(1,522)
Due in More than One Year:			
Net Pension Liability	4,972,281	5,025,443	(53,162)
Net OPEB Liability	465,893	546,038	(80,145)
Other Amounts	572,601	653,060	(80,459)
<i>Total Liabilities</i>	<u>6,786,790</u>	<u>6,888,262</u>	<u>(101,472)</u>
Deferred Inflows of Resources			
Property Taxes	3,388,309	3,207,030	181,279
Payment in Lieu of Taxes	2,476	2,476	0
Pension	400,813	470,837	(70,024)
OPEB	538,935	527,308	11,627
<i>Total Deferred Inflows of Resources</i>	<u>4,330,533</u>	<u>4,207,651</u>	<u>122,882</u>
Net Position			
Net Investment in Capital Assets	3,896,156	3,960,300	(64,144)
Restricted	642,714	372,506	270,208
Unrestricted (Deficit)	(1,484,203)	(2,213,330)	729,127
<i>Total Net Position</i>	<u>\$3,054,667</u>	<u>\$2,119,476</u>	<u>\$935,191</u>

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets of governmental activities increased \$1,387,388. Current and other assets increased \$1,519,116, primarily due to increases in equity in pooled cash and cash equivalents resulting from conservative spending and increases in property taxes receivable resulting from increased assessed values. The School District also reflects a net OPEB asset in the amount of \$290,234, a slight increase from the prior year. Capital assets decreased in the amount of \$138,087, due to annual depreciation exceeding capital asset additions.

Total liabilities decreased \$101,472. Current and other liabilities increased \$113,816 primarily due to increases in accrued wages and benefits payable, claims payable, and matured severance payable. Long-term liabilities decreased \$215,288, primarily due to annual debt service payments on the general obligation bonds as well as decreases related to the net pension/OPEB liabilities.

In order to further understand what makes up the changes in net position for the current year, the following tables gives readers further details regarding the results of activities for 2020 and 2019.

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

Table 2
Changes in Net Position
Governmental Activities

	2020	2019	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$402,971	\$260,474	\$142,497
Operating Grants and Contributions	777,264	739,166	38,098
<i>Total Program Revenues</i>	<u>1,180,235</u>	<u>999,640</u>	<u>180,595</u>
General Revenues:			
Property Taxes	3,677,543	3,611,212	66,331
Revenue in Lieu of Taxes	2,476	0	2,476
Grants and Entitlements not Restricted to Specific Programs	2,445,820	2,436,023	9,797
Interest	34,793	18,649	16,144
Gas and Oil Lease Bonus	83,370	83,370	0
Others	20,531	35,757	(15,226)
<i>Total General Revenues</i>	<u>6,264,533</u>	<u>6,185,011</u>	<u>79,522</u>
<i>Total Revenues</i>	<u>7,444,768</u>	<u>7,184,651</u>	<u>260,117</u>
Program Expenses			
Instruction:			
Regular	342,185	240,888	101,297
Special	231,986	195,099	36,887
Vocational	3,250,564	2,520,090	730,474
Adult/Continuing	10,841	10,862	(21)
Student Intervention Services	101,153	75,556	25,597
Support Services:			
Pupil	230,596	204,097	26,499
Instructional Staff	399,731	349,026	50,705
Board of Education	82,599	78,595	4,004
Administration	312,006	318,603	(6,597)
Fiscal	393,413	330,599	62,814
Operation and Maintenance of Plant Central	718,932	812,742	(93,810)
	152,405	107,967	44,438
Operation of Non-Instructional Services	0	2,044	(2,044)
Food Service Operations	225,685	225,415	270
Extracurricular	48,579	0	48,579
Interest and Fiscal Charges	8,902	10,498	(1,596)
<i>Total Expenses</i>	<u>6,509,577</u>	<u>5,482,081</u>	<u>1,027,496</u>
Change in Net Position	935,191	1,702,570	(767,379)
Restatement (Note 3)	0	68,672	(68,672)
<i>Net Position Beginning of Year</i>	<u>2,119,476</u>	<u>2,050,804</u>	<u>68,672</u>
<i>Net Position End of Year</i>	<u>\$3,054,667</u>	<u>\$2,119,476</u>	<u>\$935,191</u>

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

In fiscal year 2020, approximately 49 percent of the School District's revenues were from property taxes and approximately 33 percent were from unrestricted grants and entitlements. Charges for services and sales program revenue increased \$142,497 primarily due to increases in tuition and fees. Operating grants and contributions program revenue increased \$38,098 primarily due to increases in program specific State funding and Federal grant funding.

The School District receives revenue in lieu of taxes as part of a Tax Increment Financing (TIF) agreement with the City of Steubenville. See Note 7 for further details.

Instructional programs comprise approximately 60 percent of total governmental program expenses. Of the instructional expenses, approximately 83 percent is for vocational instruction, approximately 9 percent is for regular instruction, approximately 6 percent is for special instruction, and the remaining is for student intervention services, and adult/continuing instruction. Overall program expenses increased \$1,027,496, most noticeably in vocational instruction. The increase in program expenses is primarily due to an increase in pension expense.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for 2020 and 2019. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Program Expenses				
Instruction:				
Regular	\$342,185	\$240,888	\$320,944	\$219,424
Special	231,986	195,099	185,964	152,396
Vocational	3,250,564	2,520,090	2,432,359	1,806,952
Adult/Continuing	10,841	10,862	10,841	10,862
Student Intervention Services	101,153	75,556	101,153	75,556
Support Services:				
Pupil	230,596	204,097	216,436	190,589
Instructional Staff	399,731	349,026	399,731	349,026
Board of Education	82,599	78,595	82,599	78,595
Administration	312,006	318,603	312,006	318,603
Fiscal	393,413	330,599	392,660	329,898
Operation and Maintenance of Plant	718,932	812,742	652,320	796,880
Central	152,405	107,967	152,405	106,169
Operation of Non-Instructional Services	0	2,044	0	2,044
Food Service Operations	225,685	225,415	54,206	34,949
Extracurricular	48,579	0	6,816	0
Interest and Fiscal Charges	8,902	10,498	8,902	10,498
<i>Total Expenses</i>	<u>\$6,509,577</u>	<u>\$5,482,081</u>	<u>\$5,329,342</u>	<u>\$4,482,441</u>

Jefferson County Joint Vocational School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

The dependence upon tax revenues and state subsidies for governmental activities is apparent as approximately 82 percent of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 86. These funds are accounted for using the modified accrual basis of accounting. The School District has two major funds, the General Fund and the Permanent Improvement Capital Projects Fund. The General Fund had \$6,181,994 in revenues and \$5,292,780 in expenditures, and the Permanent Improvement Fund had \$606,237 in revenues and \$375,176 in expenditures. Overall, including other financing uses, the General Fund's balance increased \$796,016 due to increases in tuition and fees for increased enrollment and decreased spending. The Permanent Improvement Capital Projects Fund's balance increased \$231,061 from the prior year.

General Fund Budgeting Highlights

The School District'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 2020, the School District amended its General Fund estimated revenues and appropriations, and the budgetary statement reflects both the original and final appropriated amounts. There were no significant differences between final budget and actual activity during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the School District had \$4,290,648 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. See Note 9 for more detailed information of the School District's capital assets.

Debt

At June 30, 2020, the School District had \$394,492 outstanding in 2010 Energy Conservation Qualified School Construction Bonds, with \$75,548 due in one year. See Note 14 for more information on the School District's debt and other long-term obligations, including compensated absences and the net pension liability/OPEB liability.

Economic Factors

Public Utility Tax Adjustments

The Public Utility Tax is the driving force for most of the significant increases in tax collections. Production since calendar year 2015 has shown remarkable growth. Although the per barrel oil production and price have both decreased over the past few years, the gas volume has increased and the price has remained somewhat stable.

Jefferson County Joint Vocational School District

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited*

Jefferson County is a heavy gas producer, unlike the surrounding counties that produce more oil. These values are reported as commercial and industrial values on the property tax bills. There is a two year lag from production year to collection year. The information provided in the table below is a valuable tool utilized by the Jefferson County Joint Vocational School District when projecting future tax revenues.

Ohio Department of Taxation Production for Jefferson County

	2015	2016	2017	2018	2019
Oil*	355	593	255	32	0
Gas**	6,748,650	46,012,135	144,368,353	352,464,237	533,605,775

Ohio Department of Taxation Prices

	2016	2017	2018	2019	2020
Oil	\$5,310	\$4,510	\$3,920	\$3,370	\$3,020
Gas	\$220	\$190	\$190	\$170	\$150

* Average Daily Production: one barrel or more

** Average Daily Production: eight MCF or more

Modular Home Sales

The Board of Education determined that the Carpentry Class project would continue with modular home construction on site. A section of the parking lot has been gated off in order to accommodate the project.

Construction on the second modular began during the 2018-2019 school year. As of June 30, 2020, the modular is reported as an asset held for resale with a value of \$72,686. The preferred method of sale is to have a buyer under contract before the modular is constructed; however, in the event that does not occur, the modular will be auctioned upon completion. Due to COVID-19, the School District closed in person learning in March of 2020, and the modular was not completed. The School District estimates the sale or auction in the spring of 2021. Each modular home design is approved by the State and is subject to a permit. All transportation, site development, and any other additional costs are the responsibility of the buyer.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Karen Spoonmore, Treasurer/CFO, Jefferson County Joint Vocational School District, 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Basic Financial Statements

Jefferson County Joint Vocational School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,274,965
Accounts Receivable	66,924
Intergovernmental Receivable	22,775
Materials and Supplies Inventory	12,057
Prepaid Items	1,810
Property Taxes Receivable	3,934,174
Revenue in Lieu of Taxes Receivable	2,476
Assets Held for Resale	72,686
Cash and Cash Equivalents with Fiscal Agent	1,102,420
Net OPEB Asset	290,234
Non-Depreciable Capital Assets	87,522
Depreciable Capital Assets, Net	4,203,126
<i>Total Assets</i>	13,071,169
Deferred Outflows of Resources	
Pension	939,736
OPEB	161,085
<i>Total Deferred Outflows of Resources</i>	1,100,821
Liabilities	
Accounts Payable	33,952
Accrued Wages and Benefits Payable	404,057
Intergovernmental Payable	67,026
Matured Severance Payable	57,951
Accrued Interest Payable	2,463
Claims Payable	105,335
Long-Term Liabilities:	
Due Within One Year	105,231
Due In More Than One Year:	
Net Pension Liability	4,972,281
Net OPEB Liability	465,893
Other Amounts Due in More Than One Year	572,601
<i>Total Liabilities</i>	6,786,790
Deferred Inflows of Resources	
Property Taxes	3,388,309
Payment in Lieu of Taxes	2,476
Pension	400,813
OPEB	538,935
<i>Total Deferred Inflows of Resources</i>	4,330,533
Net Position	
Net Investment in Capital Assets	3,896,156
Restricted for:	
Capital Projects	429,530
Food Service Operations	21,659
State Programs	72,433
Federal Programs	1,465
Student Activity Programs	66,054
Budget Stabilization	17,604
Other Purposes	33,969
Unrestricted (Deficit)	(1,484,203)
<i>Total Net Position</i>	\$3,054,667

Jefferson County Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$342,185	\$0	\$21,241	(\$320,944)
Special	231,986	0	46,022	(185,964)
Vocational	3,250,564	298,799	519,406	(2,432,359)
Adult/Continuing	10,841	0	0	(10,841)
Student Intervention Services	101,153	0	0	(101,153)
Support Services:				
Pupil	230,596	0	14,160	(216,436)
Instructional Staff	399,731	0	0	(399,731)
Board of Education	82,599	0	0	(82,599)
Administration	312,006	0	0	(312,006)
Fiscal	393,413	0	753	(392,660)
Operation and Maintenance of Plant	718,932	0	66,612	(652,320)
Central	152,405	0	0	(152,405)
Food Service Operations	225,685	62,409	109,070	(54,206)
Extracurricular Activities	48,579	41,763	0	(6,816)
Interest and Fiscal Charges	8,902	0	0	(8,902)
<i>Total Governmental Activities</i>	<u>\$6,509,577</u>	<u>\$402,971</u>	<u>\$777,264</u>	<u>(5,329,342)</u>
General Revenues				
Property Taxes Levied for General Purposes				3,067,083
Property Taxes Levied for Capital Projects				610,460
Revenue in Lieu of Taxes for General Purposes				2,476
Grants and Entitlements not Restricted to Specific Programs				2,445,820
Contributions and Donations				5,800
Interest				34,793
Gas and Oil Lease Bonus				83,370
Miscellaneous				14,731
<i>Total General Revenues</i>				<u>6,264,533</u>
Change in Net Position				935,191
<i>Net Position Beginning of Year- Restated (See Note 3)</i>				<u>2,119,476</u>
<i>Net Position End of Year</i>				<u>\$3,054,667</u>

Jefferson County Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,705,875	\$349,989	\$201,072	\$3,256,936
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	18,029	0	0	18,029
Receivables:				
Property Taxes	3,295,388	638,786	0	3,934,174
Intergovernmental	11,735	0	11,040	22,775
Revenue in Lieu of Taxes	2,476	0	0	2,476
Interfund	11,040	0	0	11,040
Prepaid Items	1,810	0	0	1,810
Assets Held for Resale	72,686	0	0	72,686
Materials and Supplies Inventory	0	0	12,057	12,057
<i>Total Assets</i>	<u>\$6,119,039</u>	<u>\$988,775</u>	<u>\$224,169</u>	<u>\$7,331,983</u>
Liabilities				
Accounts Payable	\$22,012	\$11,940	\$0	\$33,952
Accrued Wages and Benefits Payable	392,760	0	11,297	404,057
Intergovernmental Payable	60,774	0	6,252	67,026
Matured Severance Payable	57,951	0	0	57,951
Interfund Payable	0	0	11,040	11,040
<i>Total Liabilities</i>	<u>533,497</u>	<u>11,940</u>	<u>28,589</u>	<u>574,026</u>
Deferred Inflows of Resources				
Property Taxes	2,841,004	547,305	0	3,388,309
Payment in Lieu of Taxes	2,476	0	0	2,476
Unavailable Revenue	284,136	57,384	0	341,520
<i>Total Deferred Inflows of Resources</i>	<u>3,127,616</u>	<u>604,689</u>	<u>0</u>	<u>3,732,305</u>
Fund Balances				
Nonspendable:				
Materials and Supplies Inventory	0	0	12,057	12,057
Prepaid Items	1,810	0	0	1,810
Assets Held for Resale	72,686	0	0	72,686
Unclaimed Monies	425	0	0	425
Restricted for:				
Capital Projects	0	372,146	0	372,146
Food Service Operations	0	0	9,602	9,602
State Programs	0	0	72,433	72,433
Federal Programs	0	0	1,465	1,465
Student Activity Programs	0	0	66,054	66,054
Budget Stabilization	17,604	0	0	17,604
Other Purposes	0	0	33,969	33,969
Committed to Capital Projects	203,518	0	0	203,518
Assigned to Purchases on Order	104,561	0	0	104,561
Unassigned	2,057,322	0	0	2,057,322
<i>Total Fund Balances</i>	<u>2,457,926</u>	<u>372,146</u>	<u>195,580</u>	<u>3,025,652</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$6,119,039</u>	<u>\$988,775</u>	<u>\$224,169</u>	<u>\$7,331,983</u>

Jefferson County Joint Vocational School District
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2020*

Total Governmental Fund Balances		\$3,025,652
<i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		4,290,648
Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Delinquent Property Taxes	329,785	
Intergovernmental Revenues	11,735	
Total		341,520
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the Statement of Net Position.		1,064,009
On the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(2,463)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Bonds	394,492	
Compensated Absences	283,340	
Total		(677,832)
The net OPEB asset, net pension liability, and the net OPEB liability are not due and payable in the current period; therefore, the asset, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	290,234	
Deferred Outflows - Pension	939,736	
Deferred Outflows - OPEB	161,085	
Net Pension Liability	(4,972,281)	
Net OPEB Liability	(465,893)	
Deferred Inflows - Pension	(400,813)	
Deferred Inflows - OPEB	(538,935)	
Total		(4,986,867)
<i>Net Position of Governmental Activities</i>		\$3,054,667

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$2,951,246	\$586,009	\$0	\$3,537,255
Intergovernmental	2,828,775	20,228	367,894	3,216,897
Interest	2,597	0	0	2,597
Tuition and Fees	280,972	0	0	280,972
Extracurricular Activities	17,827	0	41,763	59,590
Revenue in Lieu of Taxes	2,476	0	0	2,476
Contributions and Donations	0	0	5,800	5,800
Charges for Services	0	0	62,409	62,409
Gas and Oil Lease Bonus	83,370	0	0	83,370
Miscellaneous	14,731	0	0	14,731
<i>Total Revenues</i>	<u>6,181,994</u>	<u>606,237</u>	<u>477,866</u>	<u>7,266,097</u>
Expenditures				
Current:				
Instruction:				
Regular	334,585	0	0	334,585
Special	230,867	0	0	230,867
Vocational	2,588,290	248,542	193,358	3,030,190
Adult/Continuing	8,284	0	0	8,284
Student Intervention Services	98,069	0	0	98,069
Support Services:				
Pupil	221,885	0	0	221,885
Instructional Staff	381,756	0	0	381,756
Board of Education	79,931	0	0	79,931
Administration	287,459	0	0	287,459
Fiscal	344,873	13,970	0	358,843
Operation and Maintenance of Plant	580,290	112,664	25,568	718,522
Central	136,491	0	0	136,491
Food Service Operations	0	0	205,557	205,557
Extracurricular Activities	0	0	48,579	48,579
Debt Service:				
Principal Retirement	0	0	73,943	73,943
Interest and Fiscal Charges	0	0	9,363	9,363
<i>Total Expenditures</i>	<u>5,292,780</u>	<u>375,176</u>	<u>556,368</u>	<u>6,224,324</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>889,214</u>	<u>231,061</u>	<u>(78,502)</u>	<u>1,041,773</u>
Other Financing Sources (Uses)				
Transfers In	0	0	93,198	93,198
Transfers Out	(93,198)	0	0	(93,198)
<i>Total Other Financing Sources (Uses)</i>	<u>(93,198)</u>	<u>0</u>	<u>93,198</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	796,016	231,061	14,696	1,041,773
<i>Fund Balances Beginning of Year - Restated (See Note 3)</i>	<u>1,661,910</u>	<u>141,085</u>	<u>180,884</u>	<u>1,983,879</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,457,926</u></u>	<u><u>\$372,146</u></u>	<u><u>\$195,580</u></u>	<u><u>\$3,025,652</u></u>

Jefferson County Joint Vocational School District
*Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balances - Total Governmental Funds		\$1,041,773
<i>Amounts reported for governmental activities on the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.		
Capital Asset Additions	252,376	
Depreciation	(390,463)	
Total		(138,087)
Revenues on the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Delinquent Property Taxes	140,288	
Intergovernmental Revenues	6,187	
Total		146,475
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the Statement of Net Position.		
General Obligation Bonds		73,943
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the Statement of Activities.		
		461
Some expenses reported on the Statement of Activities do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences Payable		8,038
The internal service fund used by management to charge the costs of insurance to individual funds is not reported on the Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among governmental activities.		
		35,312
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows:		
Pension	376,241	
OPEB	10,703	
Total		386,944
Except for amounts reported as deferred outflows/inflows, changes in net pension/OPEB (asset)/liability are reported as pension/OPEB expense on the Statement of Activities:		
Pension	(696,425)	
OPEB	76,757	
Total		(619,668)
<i>Change in Net Position of Governmental Activities</i>		\$935,191

Jefferson County Joint Vocational School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$2,913,312	\$3,009,592	\$3,009,592	\$0
Intergovernmental	2,844,717	2,831,528	2,831,528	0
Interest	500	2,597	2,597	0
Tuition and Fees	168,019	280,972	280,972	0
Extracurricular Activities	25,000	17,827	17,827	0
Revenue in Lieu of Taxes	2,476	2,476	2,476	0
Gas and Oil Lease Bonus	0	83,370	83,370	0
Miscellaneous	68,762	15,283	14,731	(552)
<i>Total Revenues</i>	<u>6,022,786</u>	<u>6,243,645</u>	<u>6,243,093</u>	<u>(552)</u>
Expenditures				
Current:				
Instruction:				
Regular	332,133	321,476	321,476	0
Special	310,015	237,133	236,910	223
Vocational	2,731,914	2,645,211	2,645,138	73
Adult/Continuing	17,362	9,556	9,556	0
Student Intervention Services	90,494	97,499	97,446	53
Support Services:				
Pupil	237,907	229,684	229,684	0
Instructional Staff	316,830	333,239	333,239	0
Board of Education	95,726	81,001	81,001	0
Administration	286,360	288,475	288,475	0
Fiscal	341,273	346,274	346,274	0
Operation and Maintenance of Plant	817,980	623,280	623,280	0
Central	111,562	130,942	130,942	0
<i>Total Expenditures</i>	<u>5,689,556</u>	<u>5,343,770</u>	<u>5,343,421</u>	<u>349</u>
<i>Excess of Revenues Over Expenditures</i>	<u>333,230</u>	<u>899,875</u>	<u>899,672</u>	<u>(203)</u>
Other Financing Sources (Uses)				
Advances In	235,626	262,064	235,728	(26,336)
Advances Out	(149,387)	(37,928)	(11,040)	26,888
Transfers In	471,942	414,676	0	(414,676)
Transfers Out	(462,168)	(507,873)	(93,198)	414,675
<i>Total Other Financing Sources (Uses)</i>	<u>96,013</u>	<u>130,939</u>	<u>131,490</u>	<u>551</u>
<i>Net Change in Fund Balance</i>	429,243	1,030,814	1,031,162	348
<i>Fund Balance Beginning of Year</i>	1,470,780	1,470,780	1,470,780	0
Prior Year Encumbrances Appropriated	96,997	96,997	96,997	0
<i>Fund Balance End of Year</i>	<u>\$1,997,020</u>	<u>\$2,598,591</u>	<u>\$2,598,939</u>	<u>\$348</u>

Jefferson County Joint Vocational School District
Statement of Fund Net Position
Proprietary Fund
June 30, 2020

	Governmental Activity
	Internal Service Fund
Assets	
Cash and Cash Equivalents with Fiscal Agent	\$1,102,420
Accounts Receivable	66,924
<i>Total Assets</i>	1,169,344
Liabilities	
Claims Payable	105,335
Net Position	
Unrestricted	\$1,064,009

Jefferson County Joint Vocational School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	Governmental Activity
	Internal Service Fund
Operating Revenues	
Charges for Services	\$966,036
Other Operating Revenues	14,731
<i>Total Operating Revenues</i>	980,767
Operating Expenses	
Purchased Services	227,091
Claims	750,560
<i>Total Operating Expenses</i>	977,651
<i>Operating Income</i>	3,116
Non-Operating Revenues	
Interest	32,196
<i>Change in Net Position</i>	35,312
<i>Net Position Beginning of Year</i>	1,028,697
<i>Net Position End of Year</i>	\$1,064,009

Jefferson County Joint Vocational School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activity</u> <u>Internal Service Fund</u>
Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services	\$966,036
Cash Payments for Goods and Services	(227,091)
Cash Payments for Claims	(1,063,499)
Cash Received from Other Operating Revenue	<u>288,863</u>
<i>Net Cash Used for Operating Activities</i>	<u>(35,691)</u>
Cash Flows from Investing Activities	
Interest	<u>32,196</u>
Net Decrease in Cash and Cash Equivalents	(3,495)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,105,915</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$1,102,420</u></u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating Income	\$3,116
Increase in Accounts Receivable	(63,131)
Increase in Claims Payable	<u>24,324</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$35,691)</u></u>

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Jefferson County Joint Vocational School District is a joint vocational school district as defined by Section 3331.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Jefferson County Joint Vocational School District includes five members' schools throughout Jefferson County and one member school from Carroll County.

The School District operates under a nine member Board of Education and is responsible for the provision of public education to residents of the school district. The Board of Education consists of three members of the Jefferson County Educational Resource Center, two members of the Steubenville City School District and one member of Toronto City, Indian Creek Local, Buckeye Local, and Edison Local School Districts.

The Jefferson County Board of Education was the sponsoring Board of Education initiating the Jefferson County Joint Vocational School District. The initial meeting of the Jefferson County Joint Vocational School District Board was held on May 6, 1970. Three levy attempts failed in 1970, 1971, and 1972. A special levy was placed on the ballot in July of 1972, and passed.

Ground breaking occurred on January 26, 1974. In September, 1975, the Jefferson County Joint Vocational School District opened with 375 students and 15 programs. The first senior class completed their programs in June of 1977. Currently, the School District is staffed by 5 administrative employees, 22 non-certificated employees, and 29 certificated personnel who provide services to 352 students and other community members.

Reporting Entity:

Since the School District does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity," and Governmental Accounting Standards Board Statement 61, "The Financial Reporting Entity: Omnibus— an amendment of GASB Statements No. 14 and No. 34."

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Jefferson County Joint Vocational School District, this includes general operations, food service, and student related activities of the School District.

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council) and the Coalition of Rural and Appalachian Schools (CORAS), jointly governed organizations, the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) and the Schools of Ohio Risk Sharing Authority (SORSA), insurance purchasing pools, and the Jefferson Health Plan Self-Insurance Plan, which is defined as a risk-sharing, claims servicing, and insurance purchasing pool. These organizations are presented in Notes 16 and 17.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jefferson County Joint Vocational School District 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 most significant of the School District's accounting policies are described as follows:

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

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

Fund Financial Statements

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

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

General Fund - The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement Fund accounts for a permanent improvement levy used to finance various capital projects at the School District.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service. The School District has no enterprise funds.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, prescription drug, and dental claims.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no custodial funds.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resource measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. For proprietary funds, the Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, grants, charges for services, and revenue in lieu of taxes.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the Governmental Fund Financial Statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 17. Net deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. See Note 11 and Note 12 for more information.

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), 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.

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." The School District utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2020, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “*Certain External Investment Pools and Pool Participants.*” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statues, 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 fiscal year 2020 amounted to \$2,597, which includes \$1,764 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments. The School District had no investments meeting the above criteria.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the governmental funds represent unexpended revenues restricted for unclaimed monies and amounts required by State Statute to be set aside to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

Assets Held for Resale

As an integral part of the instructional laboratory experience for the Construction Trades programs, houses are constructed on the School District site for the purpose of being sold at public auction upon completion. Transactions are conducted through the School District’s General Fund for reporting purposes.

Currently, the School District is constructing a modular home. At June 30, 2020, the value of the modular home being constructed is \$72,686 and is recorded as asset held for resale.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Capital Assets

The School District’s only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	20 Years
Buildings and Improvements	21-50 Years
Furniture and Equipment	5-25 Years
Vehicles	8 - 15 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the Statement of Net Position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year service. The liability for vacation benefits is recorded as long-term liabilities, as the balances for most employees can be carried for up to at least three years accrual.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

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

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured severance payable” in the fund from which the employees will be paid.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Accrued Liabilities and Long-Term Obligations

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

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

Transfers within governmental activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Fund Balance

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

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

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. For fiscal year 2020, the School District has a committed fund balance in the amount of \$203,518 for capital projects.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the School District Board of Education to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The amount assigned in the General Fund represents amounts for purchase on order.

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 School District 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 liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include local receipts restricted for student programs.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
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programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

Extraordinary and Special Items

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

Estimates

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCE

Change in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

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For the Fiscal Year Ended June 30, 2020*

For fiscal year 2020, the School District implemented Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For fiscal year 2020, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and those funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2019:

	Governmental Funds			
	Permanent			
	General	Improvement	Non Major	Total
Fund Balances, June 30, 2019	\$1,661,910	\$141,085	\$112,212	\$1,915,207
Adjustments:				
GASB 84	0	0	68,672	68,672
Restated Fund Balances, June 30, 2019	\$1,661,910	\$141,085	\$180,884	\$1,983,879

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2019:

	Governmental Activities
Net Position June 30, 2019	\$2,050,804
Adjustments:	
GASB 84	68,672
Restated Net Position June 30, 2019	\$2,119,476

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2019:

	Fiduciary Fund Agency Funds
Net Position June 30, 2019	\$0
Adjustments:	
Assets	(68,672)
Liabilities	68,672
Restated Net Position June 30, 2019	\$0

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or unassigned fund balance (GAAP basis).
4. Advances in and advance out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$796,016
Revenue Accruals	61,099
Advances In	235,728
Expenditure Accruals	74,324
Advance Out	(11,040)
Encumbrances	<u>(124,965)</u>
Budget Basis	<u><u>\$1,031,162</u></u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State Statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District 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.

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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 School District 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;
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); and
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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2020, the School District's internal service fund had a balance of \$1,102,420 with Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool (See Note 17). The balance is held by the claims administrator in a pooled account which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Jefferson Health Plan Self-Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Self-Insurance Plan, Treasurer, Jefferson County ESC, Steubenville, Ohio 43952.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$1,265,223 of the School District's total bank balance of \$2,780,447 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District 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 School District 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 percent 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 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2020, the School District's only investment was in STAR Ohio. STAR Ohio is measured at net asset value per share. The value of the investments in STAR Ohio was \$532,477 and the investment has an average maturity of 41.5 days.

Interest Rate Risk: The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. 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 School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State Statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Jefferson, Harrison, Carroll, and Belmont Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real property and public utility property taxes which were measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2020, was \$181,983 in the General Fund and \$34,097 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2019, was \$240,329 in the General Fund and \$45,375 in the Permanent Improvement Capital Projects Fund.

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

Jefferson County Joint Vocational School District

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The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$1,114,192,850	73.49%	\$1,173,661,690	75.17%
Public Utility Personal	401,927,500	26.51%	387,739,270	24.83%
Total Assessed Values	<u>\$1,516,120,350</u>	<u>100.00%</u>	<u>\$1,561,400,960</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$2.50		\$2.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020, consisted of property taxes, intergovernmental grants, accounts, revenue in lieu of taxes, and interfund receivables. 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. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$329,785 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities:</u>	<u>Amount</u>
Perkins Grant	\$11,040
Rural Achievement Program Grant	11,735
Total Intergovernmental Receivable	<u>\$22,775</u>

Revenue In Lieu of Taxes

Business Development: On November 17, 2015, the Board of Education of Jefferson County Joint Vocational School District approved a Tax Increment Financing Agreement (TIF) with the City of Steubenville. The purpose of the TIF is economic development and infrastructure improvements benefitting the public. The TIF agreement is for a thirty year period effective December 3, 2015. During fiscal year 2020, a payment in the amount of \$2,476 was received. As of June 30, 2020, a receivable for \$2,476 has been recorded which represents the payment anticipated for fiscal year 2021.

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund balances at June 30, 2020, in the amount of \$11,040, consisted of a loan from the General Fund made to the Perkins Grant Special Revenue Fund to support the program until grant monies are received to operate the program.

Transfers from the General Fund at June 30, 2020, in the amount of \$93,198, were used to provide resources to the Debt Service Fund for scheduled debt service payments. Additionally, General Fund transfers were also used to support the programs of the Miscellaneous State Fund and Student Activities Fund.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance 6/30/19	Additions	Deletions	Balance 6/30/20
Nondepreciable Capital Assets:				
Land	<u>\$87,522</u>	<u>\$0</u>	<u>\$0</u>	<u>\$87,522</u>
Depreciable Capital Assets:				
Land Improvements	150,781	45,736	0	196,517
Buildings and Improvements	8,583,354	0	0	8,583,354
Furniture and Equipment	1,482,282	206,640	(28,948)	1,659,974
Vehicles	<u>71,883</u>	<u>0</u>	<u>0</u>	<u>71,883</u>
Total Depreciable Capital Assets	<u>10,288,300</u>	<u>252,376</u>	<u>(28,948)</u>	<u>10,511,728</u>
Accumulated Depreciation:				
Land Improvements	(102,925)	(12,417)	0	(115,342)
Buildings and Improvements	(4,770,503)	(252,128)	0	(5,022,631)
Furniture and Equipment	(1,027,017)	(123,261)	28,948	(1,121,330)
Vehicles	<u>(46,642)</u>	<u>(2,657)</u>	<u>0</u>	<u>(49,299)</u>
Total Accumulated Depreciation	<u>(5,947,087)</u>	<u>(390,463)</u>	<u>28,948</u>	<u>(6,308,602)</u>
Total Depreciable Capital Assets, Net	<u>4,341,213</u>	<u>(138,087)</u>	<u>0</u>	<u>4,203,126</u>
Governmental Capital Assets, Net	<u>\$4,428,735</u>	<u>(\$138,087)</u>	<u>\$0</u>	<u>\$4,290,648</u>

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Vocational	\$349,219
Support Services:	
Administration	10,085
Fiscal	2,521
Operation of Maintenance and Plant	23,595
Food Service Operations	<u>5,043</u>
Total Depreciation Expense	<u>\$390,463</u>

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
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NOTE 10 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool for property, general liability, and auto insurance. See Note 17 for further details. Coverages provided are as follows:

<i>Property - Including Inland Marine and Miscellaneous Equipment:</i>	
Building and Contents-replacement cost (no deductible)	\$26,296,160
<i>Crime Cover:</i>	
Employee Theft	1,000,000
Forgery	1,000,000
Computer Fraud	1,000,000
<i>General Liability:</i>	
Each Occurance	15,000,000
Aggregated Limit	17,000,000
<i>Automobile Liability:</i>	
Bodily Injury and Property Damage- Per Occurance	15,000,000
Medical Payments - Per Occurance	10,000
Medical Payments - Aggregate	25,000
Uninsured Motorist - Aggregate	1,000,000

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

Worker's Compensation

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

Employee Benefits

Medical/surgical, prescription drug, life, and dental insurance are offered to employees through a self-insurance internal service fund. The School District is a member of the Jefferson Health Plan Self-Insurance Plan, a risk-sharing, claims servicing, and insurance purchasing pool, consisting of over one hundred members, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The medical/surgical/prescription drug coverage is based on a usual, customary, and reasonable claim plan. The Board's share of the premiums for this coverage is \$1,476.74 for individual coverage per month and \$2,934.87 for family coverage per month which represents 95 percent of the total premium for the certified and classified staff. The premium is paid from the fund that pays the salary of the covered employee. Premiums for the dental coverage are \$102.75 per month for family coverage and \$46.38 per month for single coverage for all staff. The Board's share of dental coverage premiums is 95 percent for the certified and classified staff.

Jefferson County Joint Vocational School District

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The claims liability of \$105,335 reported in the Internal Service Fund at June 30, 2020, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

<u>Program</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
Self Insurance - Health				
2019	\$115,549	\$545,800	\$580,338	\$81,011
2020	81,011	817,484 (1)	793,160 (2)	105,335
(1) Claims Expense		\$750,560		
+Stop Loss Receivable		<u>66,924</u>		
Current Year Claims		<u><u>\$817,484</u></u>		
(2) Cash Payments for Claims			\$1,063,499	
- Stop Loss Received for 2020 Claims			<u>(270,339)</u>	
Claims Payments			<u><u>\$793,160</u></u>	

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 is 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 School District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/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 School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

Jefferson County Joint Vocational School District

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For the Fiscal Year Ended June 30, 2020*

GASB 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 *net OPEB asset* or long-term *net pension/OPEB liability* 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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

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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 School District 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$89,457 for fiscal year 2020, of which the full amount has been contributed.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District 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.

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.

Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. 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 fifty and after termination of employment.

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. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. . The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$286,784 for fiscal year 2020. Of this amount, \$39,591 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District'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:

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	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.01992380%	0.01766606%	
Current Measurement Date	<u>0.01833500%</u>	<u>0.01752372%</u>	
 Change in Proportionate Share	 <u>-0.00158880%</u>	 <u>-0.00014234%</u>	
			<u>Total</u>
Proportionate Share of the Net Pension Liability	\$1,097,015	\$3,875,266	\$4,972,281
Pension Expense	\$207,291	\$489,134	\$696,425

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$27,818	\$31,551	\$59,369
Changes of assumptions	0	455,225	455,225
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	47,203	1,698	48,901
School District contributions subsequent to the measurement date	<u>89,457</u>	<u>286,784</u>	<u>376,241</u>
Total Deferred Outflows of Resources	<u>\$164,478</u>	<u>\$775,258</u>	<u>\$939,736</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$16,775	\$16,775
Net difference between projected and actual earnings on pension plan investments	14,082	189,402	203,484
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>67,014</u>	<u>113,540</u>	<u>180,554</u>
Total Deferred Inflows of Resources	<u>\$81,096</u>	<u>\$319,717</u>	<u>\$400,813</u>

\$376,241 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$28,244	\$194,578	\$222,822
2022	(41,368)	(355)	(41,723)
2023	(936)	(41,132)	(42,068)
2024	7,985	15,666	23,651
Total	(\$6,075)	\$168,757	\$162,682

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, 2019, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment 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.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$1,537,310	\$1,097,015	\$727,773

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented as follows:

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Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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.

Actuarial assumptions used in the July 1, 2019 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	 <u>100.00 %</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

** 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, 2019. 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of

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current plan 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$5,663,269	\$3,875,266	\$2,361,629

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2020, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 - DEFINED BENEFIT OPEB PLAN

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District 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.

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

Funding Policy - State Statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation 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 2020, this amount was \$19,600. 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 2020, the School District's surcharge obligation was \$10,703.

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 School District's contractually required contribution to SERS was \$10,703 for fiscal year 2020, and is reported as an intergovernmental payable.

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. All benefit recipients 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, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District'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 and OPEB expense:

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	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.01968220%	0.01766606%	
Current Measurement Date	<u>0.01852610%</u>	<u>0.01752372%</u>	
 Change in Proportionate Share	 <u>-0.00115610%</u>	 <u>-0.00014234%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$465,893	\$0	\$465,893
Net OPEB (Asset)	\$0	(\$290,234)	(\$290,234)
OPEB Expense	\$17,581	(\$94,338)	(\$76,757)

At June 30, 2020, the School District 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$6,839	\$26,312	\$33,151
Changes of assumptions	34,028	6,101	40,129
Net difference between projected and actual earnings on pension plan investments	1,118	0	1,118
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	75,984	0	75,984
School District contributions subsequent to the measurement date	<u>10,703</u>	<u>0</u>	<u>10,703</u>
Total Deferred Outflows of Resources	<u>\$128,672</u>	<u>\$32,413</u>	<u>\$161,085</u>
 Deferred Inflows of Resources			
Differences between expected and actual experience	\$102,353	\$14,766	\$117,119
Changes of assumptions	26,107	318,208	344,315
Net difference between projected and actual earnings on OPEB plan investments	0	18,229	18,229
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>37,699</u>	<u>21,573</u>	<u>59,272</u>
Total Deferred Inflows of Resources	<u>\$166,159</u>	<u>\$372,776</u>	<u>\$538,935</u>

\$10,703 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	(\$22,028)	(\$74,761)	(\$96,789)
2022	(2,157)	(74,761)	(76,918)
2023	(1,829)	(67,456)	(69,285)
2024	(1,882)	(64,890)	(66,772)
2025	(11,612)	(59,196)	(70,808)
Therafter	<u>(8,682)</u>	<u>701</u>	<u>(7,981)</u>
Total	<u>(\$48,190)</u>	<u>(\$340,363)</u>	<u>(\$388,553)</u>

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, 2019, are presented as follows:

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Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent

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-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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 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 3.13 percent, as of June 30, 2019 (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.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Sensitivity of the School District's 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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	<u>1% Decrease (2.22%)</u>	<u>Current Discount Rate (3.22%)</u>	<u>1% Increase (4.22%)</u>
School District's proportionate share of the net OPEB liability	\$565,505	\$465,893	\$386,689

	<u>1% Decrease (6.00 % decreasing to 3.75%)</u>	<u>Current Trend Rate (7.00 % decreasing to 4.75%)</u>	<u>1% Increase (8.00 % decreasing to 5.75%)</u>
School District's proportionate share of the net OPEB liability	\$373,274	\$465,893	\$588,774

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Blended Discount Rate of Return - prior Year	4.13 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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

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.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. 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 as of June 30, 2019. 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, 2019.

Sensitivity of the School District's 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, 2019, 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 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.

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	(\$247,658)	(\$290,234)	(\$326,032)
		<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$329,113)	(\$290,234)	(\$242,619)

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees who work 260 days per year earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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 is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

Other Insurance Benefits

The Board pays 100 percent of the premiums for life and vision coverage. Life insurance is provided through MetLife. Coverage is in the amount of \$45,000 for all certified teachers and classified employees at a total monthly premium of \$7.61 and coverage of \$50,000 for administrators at a total monthly premium of \$8.95. The School District provides vision insurance through Vision Service Plan at a cost of \$9.18 for single coverage and \$20.53 for family coverage per month.

NOTE 14 - LONG - TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2020 were as follows:

	Outstanding 6/30/19	Additions	Deductions	Outstanding 6/30/20	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
<i>2010 Energy Conservation Qualified School Construction Bonds:</i>					
Serial Bonds, \$1,078,690 @ 2.170%	468,435	0	73,943	394,492	75,548
<i>Compensated Absences</i>	291,378	56,923	64,961	283,340	29,683
<i>Other Long-Term Obligations:</i>					
<i>Net Pension Liability</i>					
SERS	1,141,073	0	44,058	1,097,015	0
STRS	3,884,370	0	9,104	3,875,266	0
Total Net Pension Liability	5,025,443	0	53,162	4,972,281	0
<i>SERS Net OPEB Liability</i>	546,038	0	80,145	465,893	0
Total Governmental Activities	6,331,294	56,923	272,211	6,116,006	105,231

2010 Energy Conservation Qualified School Construction Bonds

On March 17, 2010, Jefferson County Joint Vocational School District issued \$1,078,690 of general obligation bonds, in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009 and House Bill 264. The bonds were issued to finance an energy conservation project. The bonds were issued at a 2.170 percent interest rate, for a period of fifteen years with a final maturity at September 15, 2024.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA/Negative from Standard & Poor’s for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Principal and Interest requirements to retire the remaining outstanding qualified school construction bonds for the 2010 Energy Conservation Bonds are as follows:

Fiscal Year Ending June 30	Serial Bonds		
	Principal	Interest	Total
2021	\$75,548	\$7,741	\$83,289
2022	77,187	6,084	83,271
2023	78,862	4,390	83,252
2024	80,573	2,660	83,233
2025	82,322	892	83,214
Total	<u>\$394,492</u>	<u>\$21,767</u>	<u>\$416,259</u>

The School District's voted legal debt margin was \$140,131,594, with an unvoted debt margin of \$1,516,401, at June 30, 2020.

Compensated absences

Compensated absences will be paid from the General Fund.

Net Pension/OPEB Liability

There is no repayment schedule for the net pension/OPEB liability. However, employer pension contributions are made from the General Fund, and Food Service and Perkins Grant Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 11 and 12.

NOTE 15 - COMMITMENTS

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

Major Funds:	
General	\$124,965
Permanent Improvement	47,945
Other Non-major Governmental Funds	<u>16,072</u>
Total	<u>\$188,982</u>

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council)

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (Council). The Council was created as a separate regional council of governments pursuant to State Statutes. The Council operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The Council provides information technology and internet access to member districts, as well as cooperative purchasing programs. The School District did not participate in the natural gas sales service program. During fiscal year 2020, the total amount paid to OME-RESA from the School District was \$8,692 for technology services and \$9,050 for financial accounting services and educational management information. The Jefferson County Educational Service Center serves as the fiscal agent. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Coalition of Rural and Appalachian Schools (CORAS)

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including approximately 179 school districts in southeastern Ohio. The Coalition is operated by a Board which is comprised of fourteen members. The board members are comprised of one superintendent from each county elected by the school districts within that county. The Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2020.

NOTE 17 - PUBLIC ENTITY POOLS

Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program (GRP)

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District's enrollment fee of \$265 for policy year 2020 was paid to CompManagement, Inc.

Schools of Ohio Risk Sharing Authority (SORSA)

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a protected self-insurance purchasing pool under the authority of Ohio Revised Code 2744. One hundred twenty one school districts, educational service centers, and joint vocational school districts participate in the

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

SORSA. SORSA is governed by a board of trustees elected by members. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by SORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, and public official's errors and omissions liability insurance.

Risk Sharing, Claims Servicing, and Insurance Purchasing Pool

The Jefferson Health Plan Self-Insurance Plan

The School District participates in the Jefferson Health Plan Self-Insurance Plan, formerly known as the Ohio Mid-Eastern Regional Educational Service Agency, a risk-sharing, claims servicing, and insurance purchasing pool composed of over one hundred eighty members. Each participant appoints a member of the insurance plans' assembly. The Plans' business affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, vision, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$500,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$1,500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

The School District is required by State Statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may, at the discretion of the board, be returned to the School District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2004, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

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

	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Restricted Balance as of June 30, 2019	\$0	\$17,604
Current Year Set-aside Requirement	59,125	0
Current Year Offsets	<u>(617,515)</u>	<u>0</u>
Totals	<u>(\$558,390)</u>	<u>\$17,604</u>
Balance Carried Forward to Fiscal Year 2021	<u>\$0</u>	<u>\$17,604</u>
Set-aside Restricted Balance as of June 30, 2020	<u>\$0</u>	<u>\$17,604</u>

The School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside which may not be carried forward to future fiscal years. The School District also had prior fiscal year capital expenditures from note and bond proceeds that may be carried forward to offset future set-aside requirements, if needed. The total restricted balance for the set-asides at the end of the fiscal year was \$17,604.

NOTE 19 - CONTINGENCIES

Grants

The School District 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2020.

School Foundation

School District 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 the 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 2020 have been finalized which did not result in a material receivable from, or liability to, the School District.

Litigation

The School District is currently not a party to any pending litigation.

Jefferson County Joint Vocational School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020*

Oil and Gas Lease

Previously, the Board of Education entered into a “Paid-Up” Oil and Gas Lease with Hess Ohio Resources, LLC. On September 20, 2016, The Board of Education approved an addendum to the oil and gas lease agreement with Ascent Resources - Utica, LLC, previously, Hess Ohio Resources. The oil and gas lease was amended to extend the lease period from October 12, 2011, to October 11, 2019, and the School District has an option to extend the primary term of this lease for up to two additional successive terms of one year each. On October 16, 2019, the School District received \$83,370 which represents the first extension payment. As of the date of the financial statements, the School District has not received the second extension payment.

The School District has a total of 88.691 acres subject to the lease provisions which call for payments or royalties to the School District (Lessor), in addition to the bonus. The royalties will be 18.75 percent of the gross price paid to Ascent Resources - Utica, LLC (Lessee) for such gas oil, and other hydrocarbons so produced and marketed from the leased premises. The total carrying value of the land leased is \$87,522. As of the date of the financial statements, the value of any potential royalties cannot be determined, and the School District has not received any financial compensation beyond the bonus.

NOTE 20 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020, due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School District. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 21 - Subsequent Event

State Foundation Funding

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$35,932 in tuition and fees from the resident school district which will be direct funded to the School District in fiscal year 2022. This new funding system calculates a unique base cost for each School District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

**Required
Supplementary
Information**

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.01833500%	0.01992380%	0.01565330%
School District's Proportionate Share of the Net Pension Liability	\$1,097,015	\$1,141,073	\$935,249
School District's Covered Payroll	\$641,200	\$591,319	\$503,786
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.09%	192.97%	185.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

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

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.01682840%	0.01668270%	0.01718500%	0.01718500%
\$1,231,684	\$951,931	\$869,723	\$1,021,937
\$523,329	\$504,173	\$500,996	\$476,847
235.36%	188.81%	173.60%	214.31%
62.98%	69.16%	71.70%	65.52%

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's Proportion of the Net Pension Liability	0.01752372%	0.01766606%	0.01781101%
School District's Proportionate Share of the Net Pension Liability	\$3,875,266	\$3,884,370	\$4,231,044
School District's Covered Payroll	\$2,063,450	\$2,011,521	\$1,960,729
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.81%	193.11%	215.79%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%

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

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

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.18349290%	0.01829970%	0.01863591%	0.01863591%
\$6,142,060	\$5,057,503	\$4,532,899	\$5,399,559
\$1,927,607	\$1,940,271	\$1,900,685	\$1,893,638
318.64%	260.66%	238.49%	285.14%
66.80%	72.10%	74.70%	69.30%

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Four Fiscal Years (1) **

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.01852610%	0.01968220%	0.01565390%	0.01675290%
School District's Proportionate Share of the Net OPEB Liability	\$465,893	\$546,038	\$420,110	\$477,520
School District's Covered Payroll	\$641,200	\$591,319	\$503,786	\$523,329
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	72.66%	92.34%	83.39%	91.25%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

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

Jefferson County Joint Vocational School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Four Fiscal Years (1) **

	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.01752372%	0.01766606%	0.01781101%	0.01834929%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$290,234)	(\$283,875)	\$694,919	\$981,325
School District's Covered Payroll	\$2,063,450	\$2,011,521	\$1,960,729	\$1,927,607
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.07%	-14.11%	35.44%	50.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added for each year.

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

Jefferson County Joint Vocational School District

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$89,457	\$86,562	\$79,828	\$70,530
Contributions in Relation to the Contractually Required Contribution	<u>(89,457)</u>	<u>(86,562)</u>	<u>(79,828)</u>	<u>(70,530)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$638,979	\$641,200	\$591,319	\$503,786
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$10,703	\$13,217	\$11,234	\$7,465
Contributions in Relation to the Contractually Required Contribution	<u>(10,703)</u>	<u>(13,217)</u>	<u>(11,234)</u>	<u>(7,465)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.68%</u>	<u>2.06%</u>	<u>1.90%</u>	<u>1.48%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.68%</u>	<u>15.56%</u>	<u>15.40%</u>	<u>15.48%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$73,266	\$66,450	\$69,438	\$65,996	\$63,589	\$62,752
<u>(73,266)</u>	<u>(66,450)</u>	<u>(69,438)</u>	<u>(65,996)</u>	<u>(63,589)</u>	<u>(62,752)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$523,329	\$504,173	\$500,996	\$476,847	\$472,780	\$499,221
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>
\$7,186	\$11,479	\$7,957	\$7,591	\$8,264	\$13,044
<u>(7,186)</u>	<u>(11,479)</u>	<u>(7,957)</u>	<u>(7,591)</u>	<u>(8,264)</u>	<u>(13,044)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.37%</u>	<u>2.28%</u>	<u>1.59%</u>	<u>1.59%</u>	<u>1.75%</u>	<u>2.61%</u>
<u>15.37%</u>	<u>15.46%</u>	<u>15.45%</u>	<u>15.43%</u>	<u>15.20%</u>	<u>15.18%</u>

Jefferson County Joint Vocational School District

*Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$286,784	\$288,883	\$281,613	\$274,502
Contributions in Relation to the Contractually Required Contribution	<u>(286,784)</u>	<u>(288,883)</u>	<u>(281,613)</u>	<u>(274,502)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,048,457	\$2,063,450	\$2,011,521	\$1,960,729
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$269,865	\$271,638	\$247,089	\$246,173	\$265,545	\$287,921
<u>(269,865)</u>	<u>(271,638)</u>	<u>(247,089)</u>	<u>(246,173)</u>	<u>(265,545)</u>	<u>(287,921)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,927,607	\$1,940,271	\$1,900,685	\$1,893,638	\$2,042,651	\$2,214,776
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$19,007	\$18,936	\$20,427	\$22,148
<u>0</u>	<u>0</u>	<u>(19,007)</u>	<u>(18,936)</u>	<u>(20,427)</u>	<u>(22,148)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Jefferson County Joint Vocational School District

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020*

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

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

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

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Jefferson County Joint Vocational School District

Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Beginning with fiscal year 2018 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.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 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.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Jefferson County Joint Vocational School District

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2020*

Changes in Benefit Terms – STRS OPEB

For fiscal year 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 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 will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.



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

Jefferson County Joint Vocational School District
Jefferson County
1509 County Highway 22A
Bloomington, Ohio 43910

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 Jefferson County Joint Vocational School District, Jefferson County, (the District) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2022. We noted the District adopted GASB Statement No. 84, *Fiduciary Activities*, and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District'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 District'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 District'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 financial statements. 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2022

OHIO AUDITOR OF STATE KEITH FABER



JEFFERSON COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/14/2022

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov