



**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2019**



**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY**

**JUNE 30, 2019**

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DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY

JUNE 30, 2019

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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

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

**Other Matters**

*Required Supplementary Information*

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

*Supplementary Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

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

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

December 16, 2019

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**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

**Financial Highlights**

Key financial highlights for fiscal year 2019 are as follows:

- The Career Center's net position of governmental activities increased \$6,826,322 which represents a 14.44% increase from 2018.
- Governmental activities' general revenues accounted for \$17,921,044 in revenue or 79.94% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,497,398 in revenue or 20.06% of total revenues of \$22,418,442.
- The Career Center had \$15,592,120 in expenses related to governmental activities; only \$4,497,398 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,921,044 were adequate to provide for these programs.
- The Career Center's major governmental funds are the general fund and the permanent improvement fund. The general fund had \$18,871,367 in revenues and \$19,598,816 in expenditures and other financing uses. The general fund's fund balance decreased \$727,449 from \$7,365,743 to \$6,638,294.
- The permanent improvement fund had \$4,756,567 in revenues and other financing sources and \$7,874,536 in expenditures. The permanent improvement fund's fund balance decreased \$3,117,969 from \$6,821,305 to \$3,703,336.

**Using the Basic Financial Statements (BFS)**

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

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

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Reporting the Career Center as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did the Career Center do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

**Reporting the Career Center's Most Significant Funds**

*Fund Financial Statements*

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

*Governmental Funds*

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 21-25 of this report.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

***Proprietary Funds***

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

**Reporting the Career Center's Fiduciary Responsibilities**

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

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-76 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Career Center's net pension liability and net OPEB liability/assets. The required supplementary information can be found on pages 78-93 of this report.

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**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**The Career Center as a Whole**

The statement of net position provides the perspective of the Career Center as a whole. The table below provides a summary of the Career Center's net position for June 30, 2019 and June 30, 2018.

	<b>Net Position</b>	
	Governmental Activities 2019	Governmental Activities 2018
<b><u>Assets</u></b>		
Current and other assets	\$ 25,651,976	\$ 36,981,573
Net OPEB asset	822,395	-
Capital assets, net	<u>61,559,083</u>	<u>52,948,648</u>
Total assets	<u>88,033,454</u>	<u>89,930,221</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pensions	4,440,641	5,418,764
OPEB	<u>271,765</u>	<u>247,081</u>
Total deferred outflows of resources	<u>4,712,406</u>	<u>5,665,845</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,413,703	8,742,212
Long-term liabilities:		
Due within one year	3,265,100	3,120,189
Due in more than one year:		
Net pension liability	16,121,920	17,065,208
Net OPEB liability	2,179,117	4,030,921
Other amounts	<u>967,621</u>	<u>4,066,190</u>
Total liabilities	<u>25,947,461</u>	<u>37,024,720</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for next fiscal year	9,762,232	9,445,232
Pensions	1,437,960	1,363,621
OPEB	<u>1,495,579</u>	<u>486,187</u>
Total deferred inflows of resources	<u>12,695,771</u>	<u>11,295,040</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	57,666,854	43,196,210
Restricted	614,591	1,953,899
Unrestricted	<u>(4,178,817)</u>	<u>2,126,197</u>
Total net position	<u>\$ 54,102,628</u>	<u>\$ 47,276,306</u>

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the Career Center's proportionate share of each plan's collective:

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

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 Career Center 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.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

In accordance with GASB 68 and GASB 75, the Career Center's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the Career Center's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$54,102,628.

The Career Center's current and other assets decreased primarily due to the Career Center's equity in pooled cash and investments decreasing due to the Career Center paying for most of the campus consolidation project out of pocket.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 12 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail. STRS did not report a net pension asset in the prior year.

Capital assets, net, increased as the Career Center continued the construction project to consolidate the two campuses into one campus. At fiscal year-end, capital assets represented 69.93% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2019 was \$57,666,854. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Current liabilities decreased \$5,328,509 primarily due to contracts payable related to the consolidation construction project.

Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 13 for more detail.

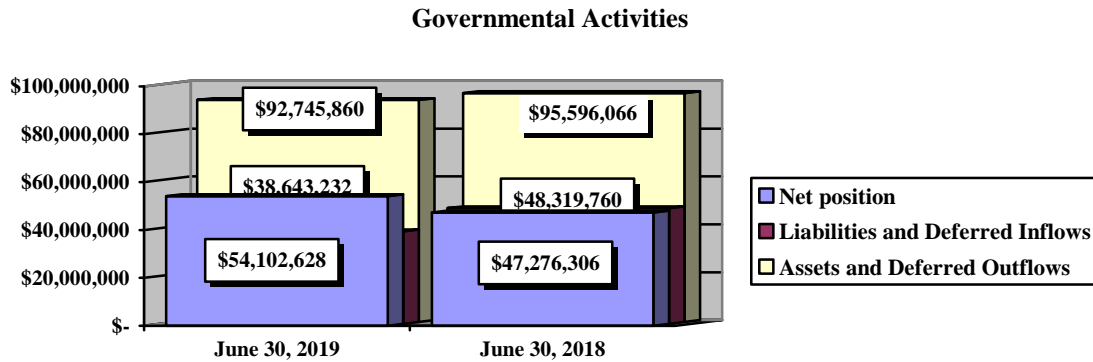
Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the Career Center. The Career Center contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to Career Center employees, not the Career Center.

A portion of the Career Center's net position, \$614,591, represents resources that are subject to external restriction on how they may be used. The remaining amount of the Career Center's net position is a deficit balance of \$4,178,817.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

The graph below illustrates the Career Center's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2019 and June 30, 2018.



The table below shows the changes in net position for governmental activities for fiscal years 2019 and 2018.

**Change in Net Position**

	<u>Governmental Activities</u>	
	2019	2018
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 3,118,608	\$ 2,858,757
Operating grants and contributions	1,378,790	1,024,552
General revenues:		
Property taxes	13,641,930	12,203,981
Grants and entitlements	3,847,629	3,599,760
Payment in lieu of taxes	8,969	8,624
Investment earnings	355,257	407,928
Increase in fair value of investments	20,080	15,544
Miscellaneous	47,179	56,220
Total revenues	<u>22,418,442</u>	<u>20,175,366</u>

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Expenses**

Program expenses:

Instruction:

Regular	1,228,980	746,086
Special	269,971	106,504
Vocational	5,927,483	3,103,564
Adult/continuing	820,348	344,927
Other	1,520	2,270

Support services:

Pupil	1,144,803	668,135
Instructional staff	1,289,672	592,590
Board of education	184,620	139,898
Administration	1,410,904	785,211
Fiscal	801,672	486,746
Operations and maintenance	1,752,699	1,100,537
Pupil transportation	26,803	30,834
Central	261,571	168,591

Operation of non-instructional services:

Food service operations	296,269	219,771
Other non-instructional services	21,755	30,420
Extracurricular activities	37,782	53,575
Interest and fiscal charges	115,268	95,118

Total expenses	<u>15,592,120</u>	<u>8,674,777</u>
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Change in net position	6,826,322	11,500,589
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Net position at beginning of year	<u>47,276,306</u>	<u>35,775,717</u>
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Net position at end of year	<u>\$ 54,102,628</u>	<u>\$ 47,276,306</u>
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**Governmental Activities**

Net position of the Career Center's governmental activities increased \$6,826,322. Total governmental expenses of \$15,592,120 were offset by program revenues of \$4,497,398 and general revenues of \$17,921,044. Program revenues supported 28.84% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$6,917,343 or 79.74%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared fiscal year 2017.

On an accrual basis, the Career Center reported \$1,342,077 and (\$5,056,655) in pension expense for fiscal year 2019 and 2018, respectively. In addition, the Career Center reported (\$1,668,966) and (\$487,777) in OPEB expense for fiscal year 2019 and 2018, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2018 to fiscal year 2019 was \$5,217,543. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities. The Career Center's total expenses for fiscal year 2019 are comparable to total fiscal year 2017 expenses.

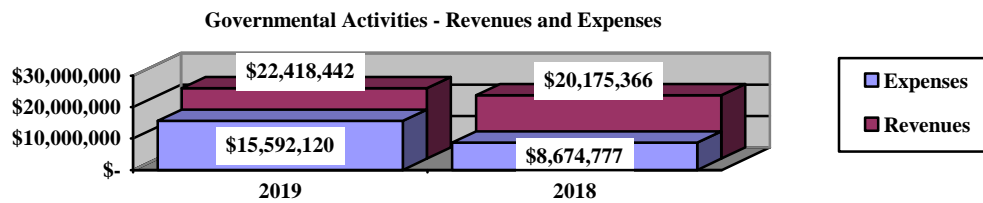


**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 78.01% of total governmental revenue. Real estate property is reappraised every six years. Property tax revenues increased \$1,437,949 due to a full year of collections on the Career Center's ten-year combination levy (1.3 mill operating levy and a 0.4 mill permanent improvement levy). Grants and entitlements increased \$247,869 as the Career Center received more foundation funding from the State of Ohio. All other revenues remained comparable to the previous year.

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2019 and 2018.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2019 and 2018. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

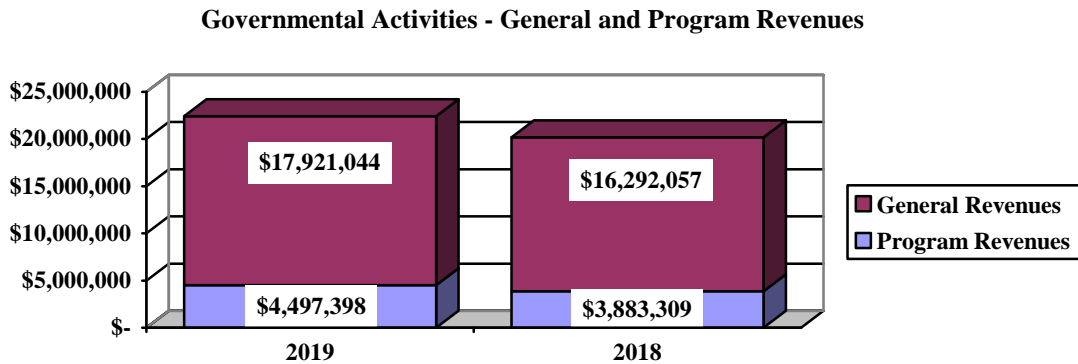
	<b>Governmental Activities</b>			
	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses:				
Instruction:				
Regular	\$ 1,228,980	\$ 1,185,755	\$ 746,086	\$ 704,231
Special	269,971	269,971	106,504	106,504
Vocational	5,927,483	3,075,899	3,103,564	519,266
Adult/continuing	820,348	(106,498)	344,927	(341,639)
Other	1,520	1,520	2,270	2,270
Support services:				
Pupil	1,144,803	1,078,949	668,135	601,260
Instructional staff	1,289,672	1,012,811	592,590	355,823
Board of education	184,620	184,620	139,898	139,898
Administration	1,410,904	1,304,456	785,211	730,075
Fiscal	801,672	794,975	486,746	480,727
Operations and maintenance	1,752,699	1,724,830	1,100,537	1,066,057
Pupil transportation	26,803	26,803	30,834	30,834
Central	261,571	253,622	168,591	161,084
Operation of non-instructional services:				
Food service operations	296,269	113,927	219,771	56,389
Other non-instructional services	21,755	20,032	30,420	29,996
Extracurricular activities	37,782	37,782	53,575	53,575
Interest and fiscal charges	115,268	115,268	95,118	95,118
<b>Total expenses</b>	<b>\$ 15,592,120</b>	<b>\$ 11,094,722</b>	<b>\$ 8,674,777</b>	<b>\$ 4,791,468</b>

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The dependence upon taxes and other general revenues for governmental activities is apparent, as 53.67% of fiscal year 2019 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 71.16% in fiscal year 2019. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

The graph below presents the Career Center's governmental activities revenue for fiscal years 2019 and 2018.



**The Career Center's Funds**

The Career Center's governmental funds reported a combined fund balance of \$11,608,822, which is less than last year's total balance of \$17,743,719. The table below indicates the fund balance and the total change in fund balance as of June 30, 2019 and June 30, 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Change
General	\$ 6,638,294	\$ 7,365,743	\$ (727,449)
Permanent Improvement	3,703,336	6,821,305	(3,117,969)
Nonmajor Governmental	1,267,192	3,556,671	(2,289,479)
<b>Total</b>	<b>\$ 11,608,822</b>	<b>\$ 17,743,719</b>	<b>\$ (6,134,897)</b>

**General Fund**

The Career Center's general fund balance decreased \$727,449 in large part due to the general fund transferring \$3,000,000 million to the permanent improvement fund to continue the Career Center's construction project of combining the two campuses into one campus.

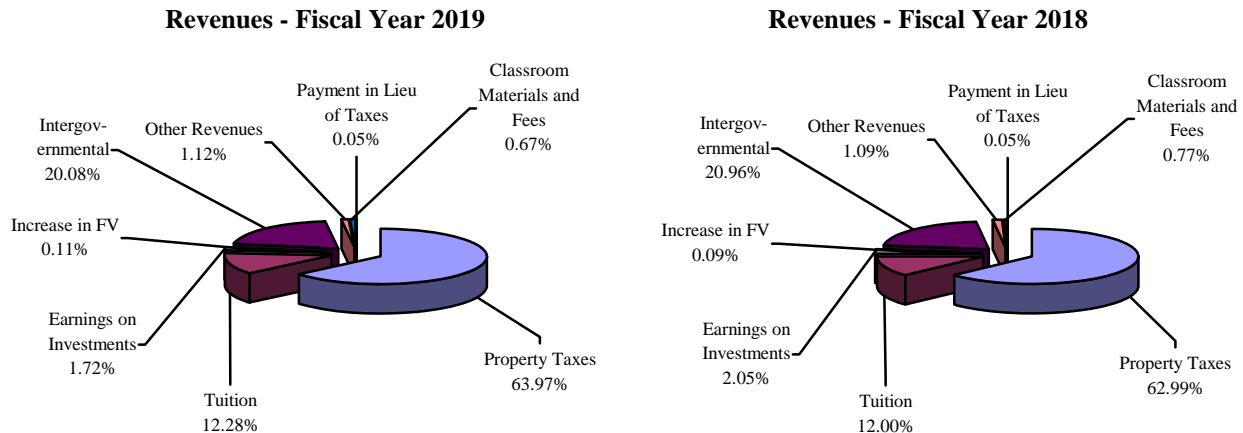
**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

<u>Revenues</u>	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
Property taxes	\$ 12,074,805	\$ 10,917,657	\$ 1,157,148	10.60 %
Payment in lieu of taxes	8,969	8,624	345	4.00 %
Tuition	2,316,981	2,080,047	236,934	11.39 %
Earnings on investments	324,979	355,930	(30,951)	(8.70) %
Increase in fair value of investments	20,080	15,544	4,536	29.18 %
Classroom materials and fees	125,639	132,592	(6,953)	(5.24) %
Intergovernmental	3,788,701	3,632,211	156,490	4.31 %
Other revenues	211,213	189,203	22,010	11.63 %
<b>Total</b>	<b>\$ 18,871,367</b>	<b>\$ 17,331,808</b>	<b>\$ 1,539,559</b>	<b>8.88 %</b>

Overall revenues of the general fund increased \$1,539,559 or 8.88%. On a GAAP basis, property tax revenues increased \$1,157,148 due to a full year of collections on the Career Center's ten-year combination levy (1.3 mill operating levy). Tuition revenue increased \$236,934 or 11.39% primarily due to an increase in open enrollment for fiscal year 2019. Classroom materials and supplies decreased as a result of the Career Center using less supplies. Other revenues increased mainly due to an increase in contract services. All other revenue classifications of the Career Center remained comparable to the prior fiscal year or were an insignificant amount.



**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

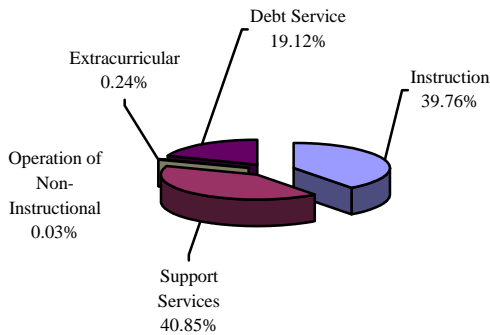
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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

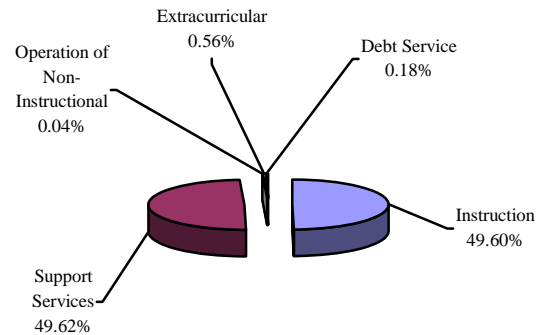
<b><u>Expenditures</u></b>	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
Instruction	\$ 6,544,764	\$ 6,293,104	\$ 251,660	4.00 %
Support services	6,723,384	6,295,295	428,089	6.80 %
Operation of non-instructional services	4,615	5,397	(782)	(14.49) %
Extracurricular activities	39,903	71,365	(31,462)	(44.09) %
Debt service	<u>3,146,900</u>	<u>22,992</u>	<u>3,123,908</u>	13,586.93 %
Total	<u>\$ 16,459,566</u>	<u>\$ 12,688,153</u>	<u>\$ 3,771,413</u>	29.72 %

Overall expenditures of the general fund increased \$3,771,413 or 29.72%. Extracurricular activities decreased due to decreased student participation and the Career Center going to less events. Debt service expenditures increased as the Career Center began making payments on the lease purchase agreement used to finance a portion of the consolidation project. All expenditure classifications of the Career Center remained comparable to the prior fiscal year.

**Expenditures - Fiscal Year 2019**



**Expenditures - Fiscal Year 2018**



***Permanent Improvement Fund***

The permanent improvement fund had \$4,756,567 in revenues and other financing sources and \$7,874,536 in expenditures. The permanent improvement fund's fund balance decreased \$3,117,969 from \$6,821,305 to \$3,703,336.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources were \$17,485,647, which was \$605,960 less than original budget estimates of \$18,091,607. Actual revenues and other financing sources of \$18,456,425 were \$970,778 more than final budgeted revenues and other financing sources.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

General fund original appropriations (expenditures and other financing uses) of \$20,586,308 were \$46,735 less than final budget estimates of \$20,633,043. The actual budget basis expenditures and other financing uses for fiscal year 2019 totaled \$19,976,515, which was \$656,528 less than the final budget estimates. The primary reason for the variance between the final and actual expenditures was in the area of vocational instruction expense.

**Capital Assets and Debt Administration**

*Capital Assets*

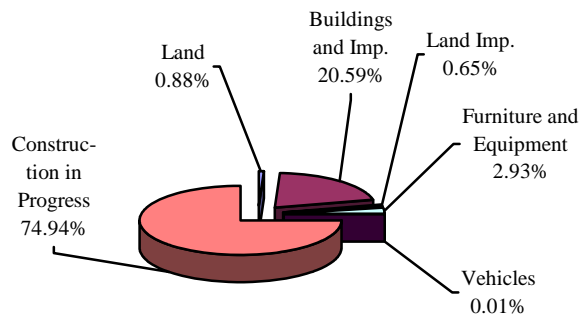
At the end of fiscal year 2019, the Career Center had \$61,559,083 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The total amount was reported in governmental activities. The following table shows June 30, 2019 balances compared to June 30, 2018.

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

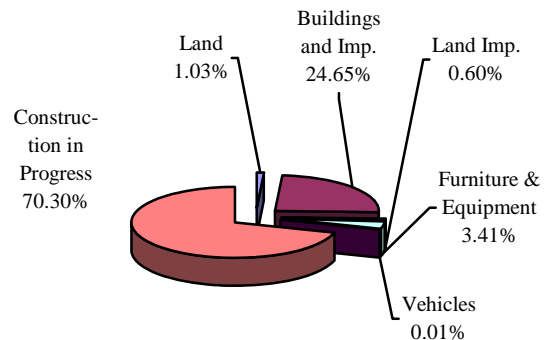
	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
Land	\$ 542,956	\$ 542,956
Land improvements	402,391	315,606
Buildings and improvements	12,672,496	13,051,522
Furniture and equipment	1,804,574	1,804,018
Vehicles	5,524	6,034
Construction in progress	<u>46,131,142</u>	<u>37,228,512</u>
Total	<u>\$ 61,559,083</u>	<u>\$ 52,948,648</u>

The following graphs show the breakdown of governmental activities capital assets by category for fiscal years 2019 and 2018.

**Capital Assets - Governmental Activities 2019**



**Capital Assets - Governmental Activities 2018**



The overall increase in capital assets of \$8,610,435 is due to capital asset additions of \$9,243,275 exceeding depreciation and disposals of \$632,840. The capital asset additions primarily relate to construction in progress on the construction project of combining the two campuses into one campus. See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

***Debt Administration***

At June 30, 2019, the Career Center had \$21,391,096 in long-term obligations, excluding compensated absences. Of this total, \$3,076,850 is due within one year. The following table summarizes the long-term obligations outstanding at June 30, 2019 and June 30, 2018.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2019</u>	Governmental Activities <u>2018</u>
Net pension liability	\$ 16,121,920	\$ 17,065,208
Net OPEB liability	2,179,117	4,030,921
Lease purchase obligation	3,055,000	6,040,000
Capital lease obligations	<u>35,059</u>	<u>55,946</u>
Total long-term obligations	<u>\$ 21,391,096</u>	<u>\$ 27,192,075</u>

At June 30, 2019, the Career Center's overall legal debt margin was \$590,608,161, with an unvoted debt margin of \$6,562,313.

See Note 10 to the basic financial statements for additional information on the Career Center's long-term obligations, Note 12 for information on the net pension liability, and Note 13 for information on the net OPEB liability.

**Current Financial Related Activity**

Fiscal year 2019 was successful in a number of aspects.

Fiscal year 2019 was the first full year of real estate collections for the combination levy that was added back to the tax duplicate after the initial vote on the levy was invalidated in 2015, but re-voted (and approved) in November of 2017. The District had borrowed money as a result of the levy issue, and made one loan payment in FY19 and will make the final payment in FY20.

The construction and renovation of the District's new Main Campus (currently referred to as our South Campus) is on schedule to open the beginning of the 2019-2020 school year. During June of 2019, the district moved everything out of the North Campus to the South Campus and held an auction in July 2019 to sell anything no longer needed for educational purposes.

The District had agreed to sell the North Campus building to the Delaware County Commissioners in July 2017. The sale was finalized at the end of August 2019. The final purchase price totaled \$1,770,000.

The district was able to negotiate a new contract with the bargaining unit that called for 2.50% base wage increase each year for fiscal year 2019 through fiscal year 2021. The agreement reduced the maximum medical insurance increase to 8% a year and moved office support staff from 7.5 hours a day to 8 hours to point out a few of the changes.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**Contacting the Career Center's Financial Management**

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

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**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2019

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 11,600,364
Receivables:	
Property taxes . . . . .	13,668,496
Accounts . . . . .	80,704
Intergovernmental . . . . .	217,650
Loans . . . . .	12,861
Prepayments . . . . .	52,662
Materials and supplies inventory . . . . .	16,509
Inventory held for resale . . . . .	2,730
Net OPEB asset . . . . .	822,395
Capital assets:	
Nondepreciable capital assets . . . . .	46,674,098
Depreciable capital assets, net . . . . .	14,884,985
Capital assets, net . . . . .	61,559,083
Total assets . . . . .	88,033,454
<b>Deferred outflows of resources:</b>	
Pension . . . . .	4,440,641
OPEB . . . . .	271,765
Total deferred outflows of resources . . . . .	4,712,406
<b>Liabilities:</b>	
Accounts payable . . . . .	375,358
Contracts payable . . . . .	630,317
Retainage payable . . . . .	953,753
Accrued wages and benefits payable . . . . .	609,817
Pension and postemployment benefits payable . . . . .	81,883
Intergovernmental payable . . . . .	81,439
Accrued interest payable . . . . .	26,352
Claims payable . . . . .	154,784
Property purchase deposits payable . . . . .	500,000
Long-term liabilities:	
Due within one year . . . . .	3,265,100
Due in more than one year:	
Net pension liability . . . . .	16,121,920
Net OPEB liability . . . . .	2,179,117
Other amounts due in more than one year . . . . .	967,621
Total liabilities . . . . .	25,947,461
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	9,762,232
Pension . . . . .	1,437,960
OPEB . . . . .	1,495,579
Total deferred inflows of resources . . . . .	12,695,771
<b>Net position:</b>	
Net investment in capital assets . . . . .	57,666,854
Restricted for:	
Capital projects . . . . .	166,854
Locally funded programs . . . . .	536
State funded programs . . . . .	5,940
Federally funded programs . . . . .	7,778
Adult education . . . . .	419,744
Food service operations . . . . .	13,739
Unrestricted . . . . .	(4,178,817)
Total net position . . . . .	\$ 54,102,628

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Charges in Net Position Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,228,980	\$ 5,318	\$ 37,907	\$ (1,185,755)
Special . . . . .	269,971	-	-	(269,971)
Vocational . . . . .	5,927,483	2,580,771	270,813	(3,075,899)
Adult/continuing. . . . .	820,348	382,528	544,318	106,498
Other . . . . .	1,520	-	-	(1,520)
Support services:				
Pupil. . . . .	1,144,803	-	65,854	(1,078,949)
Instructional staff . . . . .	1,289,672	863	275,998	(1,012,811)
Board of education . . . . .	184,620	-	-	(184,620)
Administration. . . . .	1,410,904	11,275	95,173	(1,304,456)
Fiscal. . . . .	801,672	4,917	1,780	(794,975)
Operations and maintenance . . . . .	1,752,699	22,881	4,988	(1,724,830)
Pupil transportation. . . . .	26,803	-	-	(26,803)
Central . . . . .	261,571	-	7,949	(253,622)
Operation of non-instructional services:				
Food service operations . . . . .	296,269	110,055	72,287	(113,927)
Other non-instructional services . . . . .	21,755	-	1,723	(20,032)
Extracurricular activities. . . . .	37,782	-	-	(37,782)
Interest and fiscal charges . . . . .	115,268	-	-	(115,268)
<b>Total governmental activities . . . . .</b>	<b>\$ 15,592,120</b>	<b>\$ 3,118,608</b>	<b>\$ 1,378,790</b>	<b>(11,094,722)</b>

<b>General revenues:</b>	
Property taxes levied for:	
General purposes . . . . .	12,068,552
Capital outlay. . . . .	1,573,378
Payments in lieu of taxes. . . . .	8,969
Grants and entitlements not restricted to specific programs . . . . .	3,847,629
Investment earnings . . . . .	355,257
Change in fair value of investments. . . . .	20,080
Miscellaneous . . . . .	47,179
<b>Total general revenues . . . . .</b>	<b>17,921,044</b>
Change in net position . . . . .	6,826,322
<b>Net position at beginning of year . . . . .</b>	<b>47,276,306</b>
<b>Net position at end of year. . . . .</b>	<b>\$ 54,102,628</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 3,874,802	\$ 5,367,207	\$ 1,445,948	\$ 10,687,957
Receivables:				
Property taxes. . . . .	12,069,075	1,599,421	-	13,668,496
Accounts . . . . .	3,536	-	77,168	80,704
Intergovernmental. . . . .	-	-	217,650	217,650
Interfund loans . . . . .	197,893	-	-	197,893
Loans . . . . .	12,861	-	-	12,861
Prepayments. . . . .	51,905	-	757	52,662
Materials and supplies inventory. . . . .	16,509	-	-	16,509
Inventory held for resale. . . . .	-	-	2,730	2,730
Total assets . . . . .	<u>\$ 16,226,581</u>	<u>\$ 6,966,628</u>	<u>\$ 1,744,253</u>	<u>\$ 24,937,462</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 113,625	\$ 109,038	\$ 60,806	\$ 283,469
Contracts payable. . . . .	-	538,979	91,338	630,317
Retainage payable. . . . .	-	953,753	-	953,753
Accrued wages and benefits payable . . . . .	564,975	-	44,842	609,817
Compensated absences payable . . . . .	49,186	-	-	49,186
Interfund loans payable. . . . .	-	-	197,893	197,893
Intergovernmental payable . . . . .	63,957	-	17,482	81,439
Pension and postemployment benefits payable. . . . .	70,755	-	11,128	81,883
Property purchase deposits payable . . . . .	-	500,000	-	500,000
Total liabilities. . . . .	<u>862,498</u>	<u>2,101,770</u>	<u>423,489</u>	<u>3,387,757</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year. . . . .	8,615,538	1,146,694	-	9,762,232
Delinquent property tax revenue not available. . . . .	110,251	14,828	-	125,079
Intergovernmental revenue not available. . . . .	-	-	24,004	24,004
Contract services revenue not available . . . . .	-	-	16,346	16,346
Tuition revenue not available . . . . .	-	-	13,222	13,222
Total deferred inflows of resources . . . . .	<u>8,725,789</u>	<u>1,161,522</u>	<u>53,572</u>	<u>9,940,883</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory. . . . .	16,509	-	-	16,509
Prepays. . . . .	51,905	-	757	52,662
Restricted:				
Capital improvements . . . . .	-	-	868,940	868,940
Adult education . . . . .	-	-	396,541	396,541
Food service operations . . . . .	-	-	16,893	16,893
Other purposes. . . . .	-	-	6,617	6,617
Committed:				
Capital improvements . . . . .	-	3,703,336	-	3,703,336
Assigned:				
Student instruction . . . . .	71,916	-	-	71,916
Student and staff support. . . . .	196,793	-	-	196,793
School supplies . . . . .	13,828	-	-	13,828
Wellness activities . . . . .	8,781	-	-	8,781
Extracurricular activities . . . . .	1,010	-	-	1,010
Other purposes. . . . .	113,470	-	-	113,470
Unassigned (deficit) . . . . .	<u>6,164,082</u>	<u>-</u>	<u>(22,556)</u>	<u>6,141,526</u>
Total fund balances . . . . .	<u>6,638,294</u>	<u>3,703,336</u>	<u>1,267,192</u>	<u>11,608,822</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,226,581</u>	<u>\$ 6,966,628</u>	<u>\$ 1,744,253</u>	<u>\$ 24,937,462</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2019

<b>Total governmental fund balances</b>		\$	11,608,822
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			61,559,083
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	125,079	
Accounts receivable		29,568	
Intergovernmental receivable		24,004	
Total		178,651	178,651
Internal service funds are used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. The net position of the internal service funds is:			665,734
In the statement of activities, interest is accrued on outstanding lease purchase obligation, whereas in governmental funds, interest is expensed when due.			(26,352)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows and deferred outflows are not reported in the governmental funds.			
Deferred outflows - Pension		4,440,641	
Deferred Inflows - Pension		(1,437,960)	
Net pension liability		(16,121,920)	
Total		(13,119,239)	(13,119,239)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows and deferred outflows are not reported in the governmental funds.			
Net OPEB asset		822,395	
Deferred outflows - OPEB		271,765	
Deferred Inflows - OPEB		(1,495,579)	
Net OPEB liability		(2,179,117)	
Total		(2,580,536)	(2,580,536)
Long-term liabilities, including capital lease obligations payable, are not due payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(35,059)	
Lease purchase obligation		(3,055,000)	
Compensated absences		(1,093,476)	
Total		(4,183,535)	(4,183,535)
<b>Net position of governmental activities</b>		\$	54,102,628

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 12,074,805	\$ 1,574,274	\$ -	\$ 13,649,079
Payment in lieu of taxes . . . . .	8,969	-	-	8,969
Tuition . . . . .	2,316,981	-	301,140	2,618,121
Earnings on investments . . . . .	324,979	-	39,349	364,328
Increase in fair value of investments . . . . .	20,080	-	-	20,080
Charges for services . . . . .	-	-	110,055	110,055
Classroom materials and fees . . . . .	125,639	-	310	125,949
Rental income . . . . .	20,425	-	-	20,425
Contributions and donations . . . . .	140	-	1,723	1,863
Contract services . . . . .	143,469	-	113,185	256,654
Other local revenues . . . . .	47,179	-	529	47,708
Intergovernmental - state . . . . .	3,768,686	182,293	376,768	4,327,747
Intergovernmental - federal . . . . .	20,015	-	914,892	934,907
Total revenues . . . . .	<u>18,871,367</u>	<u>1,756,567</u>	<u>1,857,951</u>	<u>22,485,885</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,226,164	-	59,652	1,285,816
Special . . . . .	300,229	-	-	300,229
Vocational . . . . .	5,018,371	852,330	152,868	6,023,569
Adult/continuing . . . . .	-	-	903,909	903,909
Support services:				
Pupil . . . . .	1,279,201	-	66,276	1,345,477
Instructional staff . . . . .	1,145,002	-	281,583	1,426,585
Board of education . . . . .	182,133	-	-	182,133
Administration . . . . .	1,435,526	-	106,671	1,542,197
Fiscal . . . . .	816,266	23,852	6,355	846,473
Operations and maintenance . . . . .	1,574,940	15,016	7,143	1,597,099
Pupil transportation . . . . .	26,803	-	-	26,803
Central . . . . .	263,513	-	8,000	271,513
Operation of non-instructional services:				
Food service operations . . . . .	-	-	288,078	288,078
Other non-instructional services . . . . .	4,615	-	1,187	5,802
Extracurricular activities . . . . .	39,903	-	-	39,903
Facilities acquisition and construction . . . . .	-	6,983,338	2,404,958	9,388,296
Debt service:				
Principal retirement . . . . .	3,005,887	-	-	3,005,887
Interest and fiscal charges . . . . .	141,013	-	-	141,013
Total expenditures . . . . .	<u>16,459,566</u>	<u>7,874,536</u>	<u>4,286,680</u>	<u>28,620,782</u>
Excess of revenues over (under) expenditures . . . . .	<u>2,411,801</u>	<u>(6,117,969)</u>	<u>(2,428,729)</u>	<u>(6,134,897)</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	3,000,000	139,250	3,139,250
Transfers (out) . . . . .	<u>(3,139,250)</u>	<u>-</u>	<u>-</u>	<u>(3,139,250)</u>
Total other financing sources (uses) . . . . .	<u>(3,139,250)</u>	<u>3,000,000</u>	<u>139,250</u>	<u>-</u>
Net change in fund balances . . . . .	(727,449)	(3,117,969)	(2,289,479)	(6,134,897)
<b>Fund balances at beginning of year . . . . .</b>	<u>7,365,743</u>	<u>6,821,305</u>	<u>3,556,671</u>	<u>17,743,719</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 6,638,294</u>	<u>\$ 3,703,336</u>	<u>\$ 1,267,192</u>	<u>\$ 11,608,822</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

<b>Net change in fund balances - total governmental funds</b>	\$	(6,134,897)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 9,243,275	
Current year depreciation	(632,840)	
Total		8,610,435
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property tax revenue	(7,149)	
Tuition revenue	(28,943)	
Earnings on investments	(9,071)	
Contract services revenue	16,346	
Intergovernmental revenue	(38,626)	
Total		(67,443)
Repayment of lease purchase and capital lease principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.		
Lease purchase obligation	2,985,000	
Capital lease	20,887	
Total		3,005,887
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,232,903
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(1,342,077)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		20,525
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		
		1,668,966
In the statement of activities, interest is accrued on outstanding lease, purchase obligations whereas in governmental funds, an interest expenditure is reported when due. The following item resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable		25,745
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(14,033)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(179,689)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>6,826,322</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 11,411,461	\$ 11,062,036	\$ 11,628,251	\$ 566,215
Payment in lieu of taxes. . . . .	8,802	8,750	8,969	219
Tuition. . . . .	2,273,785	2,048,627	2,316,981	268,354
Earnings on investments . . . . .	318,920	140,000	324,979	184,979
Classroom materials and fees . . . . .	1,325	1,750	1,350	(400)
Rental income . . . . .	20,044	31,900	20,425	(11,475)
Other local revenues . . . . .	36,873	48,350	37,574	(10,776)
Intergovernmental - state . . . . .	3,710,397	3,834,234	3,780,885	(53,349)
Total revenues . . . . .	<u>17,781,607</u>	<u>17,175,647</u>	<u>18,119,414</u>	<u>943,767</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,267,403	1,255,687	1,225,288	30,399
Special. . . . .	306,525	297,717	296,339	1,378
Vocational. . . . .	5,064,961	5,121,384	4,896,656	224,728
Support services:				
Pupil. . . . .	1,327,142	1,335,082	1,283,042	52,040
Instructional staff . . . . .	1,244,009	1,238,227	1,202,672	35,555
Board of education . . . . .	197,822	214,204	191,249	22,955
Administration. . . . .	1,508,315	1,527,278	1,458,195	69,083
Fiscal . . . . .	851,534	869,664	823,238	46,426
Operations and maintenance. . . . .	1,753,032	1,772,298	1,694,780	77,518
Pupil transportation . . . . .	33,507	39,872	32,394	7,478
Central. . . . .	310,603	326,100	300,282	25,818
Operation of non-instructional services:				
Other non-instructional services . . . . .	4,774	7,000	4,615	2,385
Extracurricular activities. . . . .	50,387	70,067	48,713	21,354
Debt service:				
Principal . . . . .	3,087,599	2,985,000	2,985,000	-
Interest and fiscal charges. . . . .	143,695	138,920	138,920	-
Total expenditures . . . . .	<u>17,151,308</u>	<u>17,198,500</u>	<u>16,581,383</u>	<u>617,117</u>
Excess of revenues over expenditures . . . . .	<u>630,299</u>	<u>(22,853)</u>	<u>1,538,031</u>	<u>1,560,884</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	10,000	10,000	176,997	166,997
Transfers (out). . . . .	(3,135,000)	(3,172,250)	(3,172,250)	-
Advances in. . . . .	300,000	300,000	159,614	(140,386)
Advances (out) . . . . .	(300,000)	(262,293)	(222,882)	39,411
Sale of capital assets . . . . .	-	-	400	400
Total other financing sources (uses) . . . . .	<u>(3,125,000)</u>	<u>(3,124,543)</u>	<u>(3,058,121)</u>	<u>66,422</u>
Net change in fund balance . . . . .	(2,494,701)	(3,147,396)	(1,520,090)	1,627,306
<b>Fund balance at beginning of year . . . . .</b>	<b>4,595,913</b>	<b>4,595,913</b>	<b>4,595,913</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>257,580</b>	<b>257,580</b>	<b>257,580</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b>\$ 2,358,792</b>	<b>\$ 1,706,097</b>	<b>\$ 3,333,403</b>	<b>\$ 1,627,306</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF FUND NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2019

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . .	<u>\$ 912,407</u>
<b>Liabilities:</b>	
Accounts payable . . . . .	91,889
Claims payable . . . . .	<u>154,784</u>
Total liabilities . . . . .	<u>246,673</u>
<b>Net position:</b>	
Unrestricted . . . . .	<u><u>\$ 665,734</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Operating revenues:</b>	
Charges for services. . . . .	\$ 1,767,540
<b>Operating expenses:</b>	
Purchased services. . . . .	393,854
Claims . . . . .	<u>1,553,375</u>
Total operating expenses. . . . .	<u>1,947,229</u>
Operating loss/change in net position . .	(179,689)
<b>Net position at beginning of year. . . . .</b>	<u>845,423</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 665,734</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services. . . . .	\$ 1,767,540
Cash payments for contractual services . . . . .	(397,430)
Cash payments for claims . . . . .	<u>(1,558,582)</u>
Net cash used in operating activities . . . . .	<u>(188,472)</u>
Net decrease in cash and cash equivalents . . . . .	(188,472)
<b>Cash and cash equivalents at beginning of year . . . .</b>	<u>1,100,879</u>
<b>Cash and cash equivalents at end of year . . . . .</b>	<u><u>\$ 912,407</u></u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (179,689)
Changes in assets and liabilities:	
(Decrease) in accounts payable . . . . .	(3,576)
(Decrease) in claims payable . . . . .	<u>(5,207)</u>
Net cash used in operating activities. . . . .	<u><u>\$ (188,472)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . .	\$ 15,749	\$ 116,586
Receivables:		
Intergovernmental. . . . .	-	12,856
Total assets. . . . .	15,749	\$ 129,442
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 4,255
Loan payable . . . . .	-	12,861
Due to other governments. . . . .	-	3,994
Due to students. . . . .	-	108,332
Total liabilities . . . . .	-	\$ 129,442
<b>Net position:</b>		
Held in trust for scholarships . . . . .	15,749	
Total net position. . . . .	\$ 15,749	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	
<b>Additions:</b>		
Gifts and contributions . . . . .	\$	3,000
 <b>Deductions:</b>		
Scholarships awarded . . . . .		4,500
Change in net position . . . . .		(1,500)
<b>Net position at beginning of year. . . . .</b>		<b>17,249</b>
<b>Net position at end of year . . . . .</b>	<b>\$</b>	<b>15,749</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 1 - DESCRIPTION OF THE CAREER CENTER**

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

The Career Center was established in 1972. The Career Center serves Delaware County and other surrounding counties. It is staffed by 34 classified employees, 62 certified teaching personnel, and 15 administrative employees who provide services to 1,628 students and other community members. The Career Center currently operates two instructional/administration buildings.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

*Metropolitan Educational Technology Association (META) Solutions*

The Career Center is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member Career Centers. The Board of Directors consists of the Superintendents from eleven of the member Career Centers. During fiscal year 2019, the Career Center paid META Solutions \$38,611 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

*Central Ohio Regional Professional Development Center*

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

*INSURANCE PURCHASING POOLS*

*Ohio School Boards Association Workers' Compensation Group Rating Plan*

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

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

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Ohio School Plan

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

*PROPRIETARY FUNDS*

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

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

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

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



**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Career Center finances and meets the cash flow needs of its proprietary activity.

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

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

**D. Basis of Accounting**

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

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

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, see Note 12 and 13 for deferred outflows of resources related the Career Center's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Career Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Career Center, see Note 12 and 13 for deferred inflows of resources related to the Career Center's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Unearned Revenues* - Revenues received during fiscal year 2019 resulting from exchange transactions for which the Career Center has yet to provide the requisite services as of June 30, 2019 have been recorded as unearned revenue on both the government-wide and fund financial statements. The Career Center had no unearned revenues to report as of June 30, 2019.

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

**E. Budgets**

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

The specific timetable for fiscal year 2019 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Delaware County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the Career Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the Career Center Treasurer.

The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2019.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original and final appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2019.
9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

**F. Cash and Investments**

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

During fiscal year 2019, investments were limited to U.S. Government money market mutual fund, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for STAR Ohio discussed below, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2019, the Career Center invested in STAR Ohio. STAR 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 Career Center measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, 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.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$324,979, which includes \$246,786 assigned from other Career Center funds.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Career Center maintains its capitalization threshold at \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital lease obligations are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**L. Fund Balance**

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

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

**M. Net Position**

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

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

**N. Prepayments**

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

**O. Estimates**

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

**P. Interfund Activity**

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



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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Q. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2019.

**S. Fair Value Measurements**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2019, the Career Center has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

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

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Career Center; however, certain debt disclosures in Note 10 have been modified to conform to the new requirements.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2019 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Adult high school	\$ 1,282
Vocational education enhancement	200
Adult basic education	2,537
Vocational education	<u>18,537</u>
Total	<u>22,556</u>

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At fiscal year end, the Career Center had \$110 in undeposited cash on hand, which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At June 30, 2019, the carrying amount of all Career Center deposits was \$1,315,547 and the bank balance of all Career Center deposits was \$1,583,952. Of the bank balance, \$250,000 was covered by the FDIC and \$1,333,952 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized.

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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the Career Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Career Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Career Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the Career Center's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2019, the Career Center had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturities 6 Months or Less</u>
<i>Fair Value:</i>		
U.S. Government Money Market Mutual fund	\$ 2,032,598	\$ 2,032,598
<i>Amortized Cost:</i>		
STAR Ohio	<u>8,384,444</u>	<u>8,384,444</u>
Total	<u>\$ 10,417,042</u>	<u>\$ 10,417,042</u>

The weighted average maturity of investments is 1 day.

The Career Center's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). As discussed in Note 2.F, investments in STAR Ohio are measured at their net asset value per share.

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

*Credit Risk:* The Career Center's investments in STAR Ohio and the U.S. Government money market mutual fund are rated AAAM by Standard & Poor's. STAR Ohio must maintain the highest letters or numerical rating provided by at least one nationally recognized standard rating service. The Career Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
U.S. Government Money		
Market Mutual fund	\$ 2,032,598	19.51
<i>Amortized Cost:</i>		
STAR Ohio	<u>8,384,444</u>	<u>80.49</u>
Total	<u>\$ 10,417,042</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,315,547
Investments	10,417,042
Cash on hand	<u>110</u>
Total	<u>\$ 11,732,699</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 11,600,364
Private-purpose trust fund	15,749
Agency funds	<u>116,586</u>
Total	<u>\$ 11,732,699</u>

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund loans receivable/payable consisted of the following at June 30, 2019, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 197,893</u>

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

Interfund balances between governmental funds are eliminated in the government-wide financial statements; therefore, no internal balances at June 30, 2019 are reported on the statement of net position.

- B. Loans between governmental funds and agency funds are reported as loans receivable/payable on the financial statements. The Career Center had the following loan outstanding at June 30, 2019:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Agency funds	<u>\$ 12,861</u>

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

- C. Interfund transfers for the year ended June 30, 2019 consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent Improvement fund	\$ 3,000,000
Nonmajor governmental funds	<u>139,250</u>
Total	<u>\$ 3,139,250</u>

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

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

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

All transfers during fiscal year 2019 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5704.16.

**DELAWARE AREA CAREER CENTER  
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**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Delaware, Franklin, Morrow, Union, and Marion Counties. The County Auditors periodically advance to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was \$3,343,286 in the general fund and \$437,899 in the permanent improvement fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2018 was \$3,022,583 in the general fund and \$396,421 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2019 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 6,052,887,540	94.83	\$ 6,213,059,550	94.68
Public utility personal	<u>330,043,610</u>	<u>5.17</u>	<u>349,253,350</u>	<u>5.32</u>
Total	<u>\$ 6,382,931,150</u>	<u>100.00</u>	<u>\$ 6,562,312,900</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 3.20		\$ 3.20	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2019 consisted of property taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

**Governmental activities:**

Property taxes	\$ 13,668,496
Accounts	80,704
Intergovernmental	<u>217,650</u>
Total	<u>\$ 13,966,850</u>

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

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**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 8 - CAPITAL ASSETS**

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

	Balance <u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2019</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 542,956	\$ -	\$ -	\$ 542,956
Construction in progress	<u>37,228,512</u>	<u>9,000,168</u>	<u>(97,538)</u>	<u>46,131,142</u>
Total capital assets, not being depreciated	<u>37,771,468</u>	<u>9,000,168</u>	<u>(97,538)</u>	<u>46,674,098</u>
Capital assets, being depreciated:				
Land improvements	1,524,965	118,659	-	1,643,624
Buildings and improvements	18,099,345	-	-	18,099,345
Furniture and equipment	5,144,736	221,986	(5,979)	5,360,743
Vehicles	<u>220,335</u>	<u>-</u>	<u>-</u>	<u>220,335</u>
Total capital assets, being depreciated	<u>24,989,381</u>	<u>340,645</u>	<u>(5,979)</u>	<u>25,324,047</u>
Less: accumulated depreciation:				
Land improvements	(1,209,359)	(31,874)	-	(1,241,233)
Buildings and improvements	(5,047,823)	(379,026)	-	(5,426,849)
Furniture and equipment	(3,340,718)	(221,430)	5,979	(3,556,169)
Vehicles	<u>(214,301)</u>	<u>(510)</u>	<u>-</u>	<u>(214,811)</u>
Total accumulated depreciation	<u>(9,812,201)</u>	<u>(632,840)</u>	<u>5,979</u>	<u>(10,439,062)</u>
Governmental activities capital assets, net	<u>\$ 52,948,648</u>	<u>\$ 8,707,973</u>	<u>\$ (97,538)</u>	<u>\$ 61,559,083</u>

On July 27, 2017, the Career Center entered into a Purchase Contract for Property Sold Agreement (the "Agreement") with the Delaware County Board of Commissioners (the "Board of Commissioners") for the sale of the North Campus facility and certain related fixtures, appurtenances, and furnishings related to the property. The Agreement calls for the Board of Commissioners to purchase the property for \$1,770,000 with \$500,000 of deposits being received in fiscal year 2018 and the balance of \$1,270,000 being due upon closing. According to the Agreement, the closing will occur on or before August 31, 2019 although the parties may agree to extend this deadline. The Career Center retains title to and occupies the property until closing. The Career Center closed on the property on August 30, 2019 (see Note 20).

Capital asset disposals and any related gain/loss resulting from the sale will be recognized in the fiscal year that the closing takes place. At June 30, 2019, the closing has not occurred and the deposits received by the Career Center from the Board of Commissioners related to this Agreement are reported as Property Purchase Deposits Payable on the financial statements.

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$ 51,951
Vocational	390,950
Adult/continuing	13,856
Support services:	
Pupil	6,156
Instructional staff	11,576
Board of education	3,705
Administration	22,810
Fiscal	340
Operations and maintenance	82,992
Central	7,411
Other non-instructional services	15,953
Food service operations	<u>25,140</u>
Total depreciation expense	<u>\$ 632,840</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

Capital assets consisting of copier equipment have been capitalized in the amount of \$254,268. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2019 for this equipment was \$223,505, leaving a current book value of \$30,763. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2019 totaled \$20,887 paid by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 22,980
2021	<u>13,405</u>
Total minimum lease payments	36,385
Less: amount representing interest	<u>(1,326)</u>
Total	<u>\$ 35,059</u>

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 10 - LONG-TERM OBLIGATIONS**

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

	Balance			Balance	Amounts
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences	\$ 1,090,433	\$ 258,904	\$ (206,675)	\$ 1,142,662	\$ 188,250
Capital lease obligations	55,946	-	(20,887)	35,059	21,850
Lease purchase obligation from direct borrowing	6,040,000	-	(2,985,000)	3,055,000	3,055,000
Net pension liability:					
STRS	12,209,045	-	(955,914)	11,253,131	-
SERS	4,856,163	12,626	-	4,868,789	-
Total net pension liability	<u>17,065,208</u>	<u>12,626</u>	<u>(955,914)</u>	<u>16,121,920</u>	<u>-</u>
Net OPEB liability:					
STRS	2,005,252	-	(2,005,252)	-	-
SERS	2,025,669	153,448	-	2,179,117	-
Total net OPEB liability	<u>4,030,921</u>	<u>153,448</u>	<u>(2,005,252)</u>	<u>2,179,117</u>	<u>-</u>
Total governmental activities long-term obligations	<u>\$ 28,282,508</u>	<u>\$ 424,978</u>	<u>\$ (6,173,728)</u>	<u>\$ 22,533,758</u>	<u>\$ 3,265,100</u>

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

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

Lease Purchase Obligation: The Career Center's lease-purchase obligation is described in Note 19.

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

Net OPEB Liability: See Note 13 for information on the Career Center's net OPEB liability. The Career Center pays obligations related to employee compensation from the fund benefitting from their service.

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of \$590,608,161 and an unvoted debt margin of \$6,562,313.

**NOTE 11 - RISK MANAGEMENT**

**A. Property and Liability**

For fiscal year 2019, the Career Center participated in the Ohio School Plan (the “Plan”), an insurance purchasing pool (Note 2.A). Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The Career Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the Career Center obtained the following insurance coverage:

Coverage provided by Ohio School Plan is as follows:

Automobile Liability	\$ 2,000,000
General School Career Center Liability	
Per Occurrence	3,000,000
Total Per Year	5,000,000
Buildings and Contents	45,256,249

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation Plan**

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

**C. Medical and Prescription Drug Benefits**

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

All funds of the Career Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The claims liability of \$154,784 reported in the basic financial statements at June 30, 2019, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activities for the current and prior year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2019	\$ 159,991	\$ 1,553,375	\$ (1,558,582)	\$ 154,784
2018	123,121	1,218,547	(1,181,677)	159,991

**D. Dental, Vision, and Life Benefits**

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

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

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

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

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The Career Center's contractually required contribution to SERS was \$375,898 for fiscal year 2019. Of this amount, \$8,960 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The Career Center was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was \$857,005 for fiscal year 2019. Of this amount, \$65,016 is reported as pension and postemployment benefits payable.



**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.08127770%	0.05139522%	
Proportion of the net pension liability current measurement date	<u>0.08501190%</u>	<u>0.05117908%</u>	
Change in proportionate share	<u>0.00373420%</u>	<u>-0.00021614%</u>	
Proportionate share of the net pension liability	\$ 4,868,789	\$ 11,253,131	\$ 16,121,920
Pension expense	\$ 383,460	\$ 958,617	\$ 1,342,077

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 267,021	\$ 259,756	\$ 526,777
Changes of assumptions	109,949	1,994,266	2,104,215
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	156,407	420,339	576,746
Contributions subsequent to the measurement date	<u>375,898</u>	<u>857,005</u>	<u>1,232,903</u>
Total deferred outflows of resources	<u>\$ 909,275</u>	<u>\$ 3,531,366</u>	<u>\$ 4,440,641</u>

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 73,489	\$ 73,489
Net difference between projected and actual earnings on pension plan investments	134,902	682,381	817,283
Difference between Career Center contributions and proportionate share of contributions/ change in proportionate share	<u>58,862</u>	<u>488,326</u>	<u>547,188</u>
Total deferred inflows of resources	<u>\$ 193,764</u>	<u>\$ 1,244,196</u>	<u>\$ 1,437,960</u>

\$1,232,903 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 432,662	\$ 842,755	\$ 1,275,417
2021	108,105	555,112	663,217
2022	(159,780)	192,401	32,621
2023	<u>(41,374)</u>	<u>(160,103)</u>	<u>(201,477)</u>
Total	<u>\$ 339,613</u>	<u>\$ 1,430,165</u>	<u>\$ 1,769,778</u>

***Actuarial Assumptions - SERS***

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

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

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.50%. 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%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Career Center's proportionate share of the net pension liability	\$ 6,858,056	\$ 4,868,789	\$ 3,200,921

**Actuarial Assumptions - STRS**

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

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Asset Class	Target Allocation**	Long Term Expected Real 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>	

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

\*\*The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's proportionate share of the net pension liability	\$ 16,433,716	\$ 11,253,131	\$ 6,868,468

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the Career Center's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net 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.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***Plan Description - School Employees Retirement System (SERS)***

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

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the Career Center's surcharge obligation was \$6,603.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contractually required contribution to SERS was \$20,525 for fiscal year 2019. Of this amount, \$6,935 is reported as pension and postemployment benefits 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](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.07547940%	0.05139522%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.07854740%</u>	<u>0.05117908%</u>	
Change in proportionate share	<u>0.00306800%</u>	<u>-0.00021614%</u>	
Proportionate share of the net OPEB liability	\$ 2,179,117	\$ -	\$ 2,179,117
Proportionate share of the net OPEB asset	\$ -	\$ (822,395)	\$ (822,395)
OPEB expense	\$ 97,838	\$ (1,766,804)	\$ (1,668,966)

At June 30, 2019, the Career Center 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>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 35,571	\$ 96,058	\$ 131,629
Difference between Career Center contributions and proportionate share of contributions/change in proportionate share	28,441	91,170	119,611
Contributions subsequent to the measurement date	<u>20,525</u>	<u>-</u>	<u>20,525</u>
Total deferred outflows of resources	<u>\$ 84,537</u>	<u>\$ 187,228</u>	<u>\$ 271,765</u>



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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 47,915	\$ 47,915
Net difference between projected and actual earnings on pension plan investments	3,268	93,952	97,220
Changes of assumptions	195,777	1,120,580	1,316,357
Difference between Career Center contributions and proportionate share of contributions/change in proportionate share	<u>26,384</u>	<u>7,703</u>	<u>34,087</u>
Total deferred inflows of resources	<u>\$ 225,429</u>	<u>\$ 1,270,150</u>	<u>\$ 1,495,579</u>

\$20,525 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2019	\$ (89,412)	\$ (191,878)	\$ (281,290)
2020	(68,419)	(191,878)	(260,297)
2021	(1,941)	(191,878)	(193,819)
2022	(551)	(170,542)	(171,093)
2023	(775)	(163,056)	(163,831)
Thereafter	<u>(319)</u>	<u>(173,690)</u>	<u>(174,009)</u>
Total	<u>\$ (161,417)</u>	<u>\$ (1,082,922)</u>	<u>\$ (1,244,339)</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.

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% 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%, 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.

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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, 2026. 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, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. 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 Career Center'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 (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 3.75%) and higher (8.5% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Career Centers's proportionate share of the net OPEB liability	\$ 2,644,187	\$ 2,179,117	\$ 1,810,869

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NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease (6.5 % decreasing to 3.75 %)	Current Trend Rate (7.5 % decreasing to 4.75 %)	1% Increase (8.5 % decreasing to 5.75 %)
Career Center's proportionate share	\$ 1,758,148	\$ 2,179,117	\$ 2,736,556

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018	July 1, 2017
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%, effective July 1, 2017
Discounted rate of return	7.45%	N/A
Blended discount rate of return	N/A	4.13%
Health care cost trends		6 to 11% initial, 4.50% ultimate
	Initial	Ultimate
Medical		
Pre-Medicare	6.00%	4.00%
Medicare	5.00%	4.00%
Prescription Drug		
Pre-Medicare	8.00%	4.00%
Medicare	-5.23%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

**Benefit Term Changes Since the Prior Measurement Date** - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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 Real 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>	

\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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.

\*\* The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**Discount Rate** - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the Career Center'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, 2018, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's proportionate share of the net OPEB asset	\$ 704,870	\$ 822,395	\$ 921,170

	1% Decrease	Current Trend Rate	1% Increase
Career Center's proportionate share of the net OPEB asset	\$ 915,594	\$ 822,395	\$ 727,745

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (1,520,090)
Net adjustment for revenue accruals	484,055
Net adjustment for expenditure accruals	(54,332)
Net adjustment for other sources/uses	(81,129)
Funds budgeted elsewhere	51,170
Adjustment for encumbrances	392,877
GAAP basis	\$ (727,449)

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

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**C. School Foundation**

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

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 16 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2018	\$ -
Current year set-aside requirement	159,044
Current year offsets	<u>(159,044)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2019	<u>\$ -</u>

**NOTE 17 - COMMITMENTS**

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

	<u>Year End Encumbrances</u>
<u>Fund</u>	
General	\$ 271,967
Permanent improvement	999,220
Nonmajor governmental funds	<u>793,070</u>
Total	<u>\$ 2,064,257</u>

**NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

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



**DELAWARE AREA CAREER CENTER  
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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The Career Center has incurred a reduction in property tax receipts due to agreements entered into by other governments. During fiscal year 2019, the Career Center's property tax receipts were reduced under agreements entered into by other governments as follows:

Government Entering Into Agreement	Tax Abatement Program		Career Center Foregone Taxes
	CRA	Ezone	
Delaware County	\$ 12,998	\$ -	\$ 12,998
City of Columbus	-	9,743	9,743
City of Westerville	59,769	-	59,769
City of Delaware	33,120	-	33,120
Liberty Township/ Delaware County	80,732	-	80,732
Liberty Township/ Berlin Township/ Delaware County	648	-	648
<b>Total</b>	<b>\$ 187,267</b>	<b>\$ 9,743</b>	<b>\$ 197,010</b>

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

**NOTE 19 - LEASE-PURCHASE AGREEMENT**

On February 15, 2018, the Career Center entered into a \$6,040,000 lease-purchase agreement with PNC Bank, National Association (the "Bank") to help finance the construction of a building addition until tax revenues are received. The source of revenue to fund the principal and interest payments will be derived from permanent improvement revenues of the Career Center.

The lease-purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the Career Center and the lender and are not offered for public sale. In conjunction with the lease-purchase agreement, the Career Center and the Bank have entered into a Ground Lease agreement whereby the Career Center has leased to the Bank, under a Ground Lease, the Project Site and the Bank has subleased the Project Site, and the facilities already located and/or to be constructed thereon (the "Project Facilities") back to the Career Center under the terms of the lease-purchase agreement. The Project Site and Project Facilities are collateral for the debt as, in the event of default or "Nonappropriation of Funds", the Bank shall have all legal and equitable rights to take possession of the Project Site and Project Facilities and/or assign the Ground Lease. The lease purchase agreement has no significant finance-related terms related to events of default, termination events, or subjective acceleration clauses except to state that there shall be no right under any circumstances to accelerate the maturities of base rent payments or otherwise declare any base rent not then past due or in default to be immediately due and payable.

Lease-purchase payments are reported as function expenditures on a budgetary basis. However, on a GAAP basis, these payments have been reclassified and are reported as debt service expenditures in the general fund. During fiscal year 2018, the Career Center did not make any principal and interest payments on the lease-purchase agreement.

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NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 19 - LEASE-PURCHASE AGREEMENT - (Continued)**

A liability in the amount of the present value of minimum lease payments has been recorded on the statement of net position. Capital assets consisting of construction in progress have been capitalized. At June 30, 2019, capital assets in the amount of \$5,258,100 have been recorded as construction in progress. At June 30, 2019 the Career Center had \$781,900 in unspent proceeds.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2019:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 3,125,265
Total minimum lease payments	3,125,265
Less: amount representing interest	<u>(70,265)</u>
Total	<u>\$ 3,055,000</u>

**NOTE 20 – SUBSEQUENT EVENT**

On August 30, 2019, the Career Center closed on the sale of the North Campus with Delaware County. Delaware County paid the remaining \$1,270,000 per the agreement at the time of the closing.

REQUIRED SUPPLEMENTARY INFORMATION

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Career Center's proportion of the net pension liability	0.08501190%	0.08127770%	0.08290130%	0.07987770%
Career Center's proportionate share of the net pension liability	\$ 4,868,789	\$ 4,856,163	\$ 6,067,610	\$ 4,557,899
Career Center's covered payroll	\$ 2,734,459	\$ 2,710,021	\$ 2,578,693	\$ 2,404,734
Career Center's proportionate share of the net pension liability as a percentage of its covered payroll	178.05%	179.19%	235.30%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.08735400%	0.08735400%
\$ 4,420,936	\$ 5,194,662
\$ 2,538,341	\$ 2,447,572
174.17%	212.24%
71.70%	65.52%

**DELAWARE AREA CAREER CENTER  
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Career Center's proportion of the net pension liability	0.05117908%	0.05139522%	0.04900858%	0.05256450%
Career Center's proportionate share of the net pension liability	\$ 11,253,131	\$ 12,209,045	\$ 16,404,649	\$ 14,527,290
Career Center's covered payroll	\$ 5,756,829	\$ 5,696,871	\$ 5,159,650	\$ 5,377,164
Career Center's proportionate share of the net pension liability as a percentage of its covered payroll	195.47%	214.31%	317.94%	270.17%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.05301210%	0.05301210%
\$ 12,894,377	\$ 15,359,698
\$ 5,416,369	\$ 5,601,123
238.06%	274.23%
74.70%	69.30%

**DELAWARE AREA CAREER CENTER  
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 375,898	\$ 369,152	\$ 379,403	\$ 361,017
Contributions in relation to the contractually required contribution	<u>(375,898)</u>	<u>(369,152)</u>	<u>(379,403)</u>	<u>(361,017)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered payroll	\$ 2,784,430	\$ 2,734,459	\$ 2,710,021	\$ 2,578,693
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 316,944	\$ 351,814	\$ 338,744	\$ 312,101	\$ 308,392	\$ 387,349
<u>(316,944)</u>	<u>(351,814)</u>	<u>(338,744)</u>	<u>(312,101)</u>	<u>(308,392)</u>	<u>(387,349)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,404,734	\$ 2,538,341	\$ 2,447,572	\$ 2,320,454	\$ 2,453,397	\$ 2,860,775
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

**DELAWARE AREA CAREER CENTER  
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 857,005	\$ 805,956	\$ 797,562	\$ 722,351
Contributions in relation to the contractually required contribution	<u>(857,005)</u>	<u>(805,956)</u>	<u>(797,562)</u>	<u>(722,351)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered payroll	\$ 6,121,464	\$ 5,756,829	\$ 5,696,871	\$ 5,159,650
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 752,803	\$ 704,128	\$ 728,146	\$ 748,418	\$ 776,918	\$ 762,679
<u>(752,803)</u>	<u>(704,128)</u>	<u>(728,146)</u>	<u>(748,418)</u>	<u>(776,918)</u>	<u>(762,679)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,377,164	\$ 5,416,369	\$ 5,601,123	\$ 5,757,062	\$ 5,976,292	\$ 5,866,762
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Career Center's proportion of the net OPEB liability	0.07854740%	0.07547940%	0.07604275%
Career Center's proportionate share of the net OPEB liability	\$ 2,179,117	\$ 2,025,669	\$ 2,167,500
Career Center's covered payroll	\$ 2,734,459	\$ 2,710,021	\$ 2,578,693
Career Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	79.69%	74.75%	84.05%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Career Center's proportion of the net OPEB liability/asset	0.05117908%	0.05139522%	0.04900858%
Career Center's proportionate share of the net OPEB liability/(asset)	\$ (822,395)	\$ 2,005,252	\$ 2,620,992
Career Center's covered payroll	\$ 5,756,829	\$ 5,696,871	\$ 5,159,650
Career Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.29%	35.20%	50.80%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 20,525	\$ 21,922	\$ 8,766	\$ 4,290
Contributions in relation to the contractually required contribution	<u>(20,525)</u>	<u>(21,922)</u>	<u>(8,766)</u>	<u>(4,290)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered payroll	\$ 2,784,430	\$ 2,734,459	\$ 2,710,021	\$ 2,578,693
Contributions as a percentage of covered payroll	0.74%	0.80%	0.32%	0.17%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 24,899	\$ 7,422	\$ 23,475	\$ 38,829	\$ 73,399	\$ 50,079
<u>(24,899)</u>	<u>(7,422)</u>	<u>(23,475)</u>	<u>(38,829)</u>	<u>(73,399)</u>	<u>(50,079)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,404,734	\$ 2,538,341	\$ 2,447,572	\$ 2,320,454	\$ 2,453,397	\$ 2,860,775
1.04%	0.29%	0.96%	1.67%	2.99%	1.75%

**DELAWARE AREA CAREER CENTER  
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SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's covered payroll	\$ 6,121,464	\$ 5,756,829	\$ 5,696,871	\$ 5,159,650
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ 56,214	\$ 56,011	\$ 57,571	\$ 59,763	\$ 58,668
-	(56,214)	(56,011)	(57,571)	(59,763)	(58,668)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,377,164	\$ 5,416,369	\$ 5,601,123	\$ 5,757,062	\$ 5,976,292	\$ 5,866,762
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal year 2019.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.

(Continued)

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rate for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) 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 following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in trend rates from 6.00%-11.00 initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 14,947
National School Lunch Program	10.555	N/A	47,293
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	N/A	<u>10,047</u>
Total U.S. Department of Agriculture			<u><b>72,287</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Adult Education - Basic Grants to States	84.002	N/A	390,447
Title I Grants to Local Educational Agencies	84.010	N/A	10,000
Career and Technical Education - Basic Grants to States	84.048	N/A	398,973
Rural Education	84.358	N/A	71,421
Total U.S. Department of Education			<u><b>870,841</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 943,128</b></u>

*The accompanying notes are an integral part of this schedule.*

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

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

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State

Columbus, Ohio

December 16, 2019



# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

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

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State

Columbus, Ohio

December 16, 2019

**DELAWARE AREA CAREER CENTER  
DELAWARE COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**DELAWARE AREA CAREER CENTER**

**DELAWARE COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 31, 2019**