OHIO AUDITOR OF STATE
KEITH FABER

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY
JUNE 30, 2021

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MUSKINGUM COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

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 Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education Special Revenue Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

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 and Other Information

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

The Schedule of Expenditures of Federal Awards (the Schedule) 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 March 7, 2022, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2022

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Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Mid-East Career and Technology Center's (Center) financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

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

- The assets and deferred outflows of resources of the Center exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2021, by $84,637,022 (net position). Of this amount, $19,204,148 represents unrestricted net position that may be used to meet the Center's ongoing obligations to students and creditors.
- The Center's net position increased by $4,897,735 from the net position at the beginning of fiscal year 2021.
- General revenues accounted for $18,966,676 or 66 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $9,653,537 or 34 percent of total revenues of $28,620,213.
- The Center had $23,722,478 in expenses related to governmental activities; only $9,653,537 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) in the amount of $18,966,676 were adequate to provide for these programs.

Using this Basic Financial Statements Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column and also provide information in more detail than the government-wide statements.

Reporting the Center as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2020-2021 fiscal year?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the Center's activities are all considered to be Governmental Activities, including instruction, support services, operation of non-instructional services, extracurricular activities, and interest.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major funds begins on page 12. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the General Fund, the Adult Education Special Revenue Fund, and the 2020 Construction Capital Projects Fund.

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

Reporting the Center's Fiduciary Responsibilities

The Center is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

The Center as a Whole

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

(Table 1)
Net Position

	Governmental Activities		
	2021	2020	Change
Assets			
Current and Other Assets	$73,222,625	$72,998,119	$224,506
Noncurrent Assets:			
Net OPEB Asset	1,237,018	1,176,300	60,718
Capital Assets, Net	56,028,521	50,062,786	5,965,735
Total Assets	130,488,164	124,237,205	6,250,959
Deferred Outflows of Resources			
Pension	3,928,487	3,893,171	35,316
OPEB	502,241	351,626	150,615
Total Deferred Outflows of Resources	4,430,728	4,244,797	185,931
Liabilities			
Current and Other Liabilities	4,358,527	2,439,587	1,918,940
Long-Term Liabilities			
Due Within One Year	1,159,358	1,287,054	(127,696)
Due in More Than One Year:			
Net Pension Liability	22,327,529	20,385,337	1,942,192
Net OPEB Liability	1,654,868	1,909,072	(254,204)
Other Amounts	10,538,690	11,783,148	(1,244,458)
Total Liabilities	40,038,972	37,804,198	2,234,774
Deferred Inflows of Resources			
Property Taxes	7,602,194	7,948,225	(346,031)
Payments in Lieu of Taxes	0	23,688	(23,688)
Pension	248,893	950,656	(701,763)
OPEB	2,391,811	2,015,948	375,863
Total Deferred Inflows of Resources	10,242,898	10,938,517	(695,619)
Net Position			
Net Investment in Capital Assets	49,699,256	49,533,179	166,077
Restricted	15,733,618	15,378,382	355,236
Unrestricted	19,204,148	14,827,726	4,376,422
Total Net Position	$84,637,022	$79,739,287	$4,897,735

The net pension liability (NPL) and the net OPEB liability (NOL) when combined are the largest type of liability reported by the Center at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27" and 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 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.

Governmental Accounting Standards Board 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 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 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, 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.

In accordance with GASB 68 and GASB 75, the 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.

Total assets reflect an increase in the amount of $6,250,959, or 5 percent from the prior fiscal year. Current and other assets reflect a minimal increase in the amount of $224,506 due to the Center's commitment in maintaining an adequate and consistent current asset base to be used to meet current liabilities at year-end. Cash and cash equivalents have increased in the amount of $5,084,566 as the Center strives to maintain a healthy working balance in as many areas as possible. Property taxes receivable increased by one and one-half percent. The oil and gas industry has stabilized and has resulted in more consistent property tax estimates. Intergovernmental receivables have increased from the prior year by $110,555 due primarily to the Center's participation in the Governors Emergency Education Relief grant during fiscal year 2021. Capital assets increased by $5,965,735 as current year capitalizations exceeded depreciation. In the prior year, the Center issued lease proceeds that are being capitalized into construction in progress for a local facility project. This corresponds to the decrease in investments in the amount of $5,177,692.

Deferred outflows of resources increased in the amount of $185,931 due to the net differences between expected and actual experience, earnings on investments, payments subsequent to the measurement date, and changes of assumptions related to the Center's proportionate share of the net pension and OPEB liabilities.

Total liabilities increased by $2,234,774. Amounts due within one year decreased in the amount of $127,696 as the Center is making capital lease payments according to the retirement schedule. Long-term liabilities - due in more than one year, excluding the pension and OPEB liabilities, decreased by $1,244,458 due to several retirements and the Center making the associated severance payments during fiscal year 2021 as well as scheduled capital lease payments. The changes in the net pension and OPEB liabilities represent changes in the Center's proportionate share of the STRS and SERS unfunded benefits. As indicated previously, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

Total deferred inflows of resources decreased by $695,619. Deferred inflows of resources from property taxes decreased by $346,031. The increase in delinquencies resulted in a lower amount being considered deferred. This decrease was coupled with a net decrease in the pension and OPEB components as explained in Notes 14 and 15.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position in the amount of $4,897,735. The largest change is in unrestricted net position due primarily to the change in pension and OPEB related items as discussed elsewhere. Restricted net position increased in the amount of $355,236 primarily due to the Center accumulating restricted resources to be used for the adult education program. Net investment in capital assets increased by $166,077 as a combined result of retiring capital related debt and recognizing current year capitalizations and depreciation.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021, and comparisons to fiscal year 2020.

Table 2 - Change in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services	$2,570,790	$2,046,012	$524,778
Operating Grants, Contributions, and Interest	6,944,866	6,633,492	311,374
Capital Grants, Contributions, and Interest	137,881	398,892	(261,011)
Total Program Revenues	9,653,537	9,078,396	575,141
General Revenues:			
Property Taxes	12,228,201	10,817,639	1,410,562
Payments in Lieu of Taxes	34,635	43,009	(8,374)
Grants and Entitlements	6,351,278	6,273,657	77,621
Interest and Miscellaneous	352,562	1,079,307	(726,745)
Total General Revenues	18,966,676	18,213,612	753,064
Total Revenues	28,620,213	27,292,008	1,328,205
Program Expenses			
Instruction:			
Regular	3,186,554	2,920,685	265,869
Vocational	8,401,301	8,903,402	(502,101)
Adult/Continuing	3,198,381	2,786,707	411,674
Support Services:			
Pupils	1,352,348	1,292,361	59,987
Instructional Staff	1,312,949	1,326,045	(13,096)
Board of Education	59,597	67,879	(8,282)
Administration	1,937,058	1,878,827	58,231
Fiscal	1,001,869	1,031,986	(30,117)
Business	304,756	290,285	14,471
Operation and Maintenance of Plant	1,755,767	1,991,723	(235,956)
Pupil Transportation	119,976	116,382	3,594
Central	257,942	291,923	(33,981)
Operation of Non-Instructional Services	477,739	721,228	(243,489)
Extracurricular Activities	129,358	150,751	(21,393)
Interest	226,883	132,453	94,430
Total Expenses	23,722,478	23,902,637	(180,159)
Change in Net Position	4,897,735	3,389,371	1,508,364
Net Position Beginning of Year	79,739,287	76,349,916	3,389,371
Net Position End of Year	$84,637,022	$79,739,287	$4,897,735

As indicated in Table 2, the largest revenue fluctuation is evident in property taxes, an increase of \$1,410,562. Adding to the increase in property taxes receivable, amounts available as an advance and delinquent property taxes that are recognized as revenue, have also increased from the prior fiscal year. Interest and miscellaneous revenue decreased in the amount of \$726,745 largely the result of a decline in interest rates. Offsetting that decrease, is an increase in miscellaneous revenue due to workers compensation reimbursements. Charges for services program revenue increased by 26 percent. In the prior year, the adult education program had to cancel classes in response to the COVID pandemic which had an impact on tuition and fees earned. Operating grants, contributions, and interest increased by \$311,374 from fiscal year 2020. The additional grant funding from the federal government was awarded to the Center to help compensate for lost revenue realized from the COVID pandemic. This additional funding resulted in the adult education program ending the fiscal year with a net revenue of \$272,380.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Property taxes made up 43 percent of revenues for governmental activities in fiscal year 2021. The remaining 57 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult education program.

Instructional programs comprise 62 percent of total governmental program expenses. Of the instructional expenses, approximately 57 percent is for vocational instruction, 22 percent is for adult/continuing instruction, and 21 percent is for regular instruction. Expenses have decreased in the majority of programs with the largest change in vocational instruction which is the Center's operating program. These decreases are the direct result of pension/OPEB expense as explained earlier. Without the pension/OPEB expense, there are minimal changes from the prior fiscal year in program expenses as a result of practical administrative financial decisions which are leading to the increase in cash and cash equivalents.

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

Table 3 - Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instructional Services:				
Regular	$3,186,554	$3,186,554	$2,920,685	$2,920,685
Vocational	8,401,301	4,034,232	8,903,402	4,473,977
Adult/Continuing	3,198,381	(272,380)	2,786,707	57,523
Suport Services:				
Pupils	1,352,348	1,020,212	1,292,361	971,403
Instructional Staff	1,312,949	658,397	1,326,045	727,443
Board of Education	59,597	59,597	67,879	67,879
Administration	1,937,058	1,927,596	1,878,827	1,878,827
Fiscal	1,001,869	836,398	1,031,986	868,499
Business	304,756	304,756	290,285	290,285
Operation and Maintenance of Plant	1,755,767	1,574,463	1,991,723	1,852,576
Pupil Transportation	119,976	119,131	116,382	116,382
Central	257,942	257,942	291,923	291,923
Operation of Non-Instructional Services	477,739	62,440	721,228	101,530
Extracurricular Activities	129,358	72,720	150,751	72,856
Interest	226,883	226,883	132,453	132,453
Total Expenses	$23,722,478	$14,068,941	$23,902,637	$14,824,241

The dependence upon tax revenues and State subsidies is apparent. Approximately 59 percent of total expenses are supported through taxes and other general revenues. Over the past several years the Center has remained in a stable financial position. The Center receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Washington, Monroe, Fairfield, and Noble Counties.

The Center's Major Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues in the amount of $28,539,943, expenditures in the amount of $30,009,195, and an overall decrease in fund balance in the amount of $1,469,252, after other financing source and use.

The General Fund's net change in fund balance after other financing use for the year was an increase in the amount of $4,090,074. The positive change in the General Fund, as has been the case for the past several years, reflects the Center's continuing commitment to maintaining a healthy cumulative balance in its primary operating fund. Expenditures increased by less than one percent from the prior fiscal year, along with increases in most revenue classifications, added to a substantial ending fund balance that is almost twice the amount of current fiscal year expenditures. Sound fiscal and administrative judgment has helped the Center meet their goal not to deficit spend.

The Adult Education Special Revenue Fund adds to its carryover fund balance with a net change of $363,905. This program continues to cover its costs associated with adult instruction with adequate revenue. However, this fund greatly relies on Pell grant and Stafford loan subsidies for its operating costs and without this funding would not be able to sustain current operations on tuition revenue alone.

The 2020 Construction Capital Projects Fund was newly established during the prior year. The investment balance, representing the fair value of unspent lease proceeds, is one of the reasons for this fund's major status. Current year liability accruals and capital outlay expenditures have increased from the prior year and are the result of signed contractual commitments and other capital expenditures associated with this project.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the Center amended its General Fund revenue and expenditure budgets, but the changes were not significant as compared to the original budget. Budgeted revenues were $518,138 below actual results due to conservative property tax estimates. Final budgeted expenditures increased slightly and were $1,640,812 higher than actual results. Vocational instruction expenditures were anticipated at a higher amount than actual results as the Center expected more core academic classes to become necessary. In addition, the Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund unencumbered ending cash balance totaled $27,065,984, which was $2,460,497 above the final budgeted amount of $24,605,487.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the Center had $56,028,521 invested in land, construction in progress, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2021 balances compared to 2020.

Table 4
Capital Assets at June 30

	Governmental Activities	
	2021	2020
Land	$585,623	$585,623
Construction in Progress	7,354,440	466,158
Buildings and Improvements	45,771,687	46,755,999
Vehicles	544,736	511,493
Machinery, Equipment, Furniture and Fixtures	1,772,035	1,743,513
Totals	$56,028,521	$50,062,786

See Note 10 for more detailed information of the Center's capital assets.

Long-Term Debt

At June 30, 2021, the Center had $10,964,594 outstanding for capital leases.

In addition to the above, the Center's long-term obligations include compensated absences and net pension/OPEB liability.

See Notes 16 and 17 for more detailed information about the Center's debt.

Economic Factors

During fiscal year 2021, on a modified accrual basis, General Fund revenues exceeded General Fund expenditures by $5,170,074, but there were other financing use that reduced this amount to $4,090,074. However, as the preceding information demonstrates, the Center depends on its property taxpayers. The Center has continued to maintain spending in line with revenues. Careful monitoring of the Center finances must continue if the Center hopes to remain on firm financial footing. The Board of Education and Administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center, as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the Center's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Nan Nolder, Treasurer/CFO at Mid-East Career and Technology Centers, 400 Richards RD., Zanesville, Ohio 43701, or e-mail at nnolder@mideastctc.org.

Mid-East Career and Technology Centers, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$51,165,200
Cash and Cash Equivalents in Segregated Accounts	1,399,940
Investments	6,552,860
Accounts Receivable	401,980
Inventory Held for Resale	2,584
Materials and Supplies Inventory	52,858
Prepaid Items	157,972
Accrued Interest Receivable	53,946
Property Taxes Receivable	12,763,162
Intergovernmental Receivable	672,123
Net OPEB Asset	1,237,018
Nondepreciable Capital Assets	7,940,063
Depreciable Capital Assets, Net	48,088,458
Total Assets	130,488,164
Deferred Outflows of Resources	
Pension	3,928,487
OPEB	502,241
Total Deferred Outflows of Resources	4,430,728
Liabilities	
Matured Compensated Absences Payable	52,827
Accounts Payable	121,536
Contracts Payable	1,875,915
Retainage Payable	161,220
Accrued Wages and Benefits Payable	1,767,674
Intergovernmental Payable	205,359
Accrued Interest Payable	17,569
Vacation Benefits Payable	156,427
Long-Term Liabilities:	
Due Within One Year	1,159,358
Due in More Than One Year:	
Net Pension Liability	22,327,529
Net OPEB Liability	1,654,868
Other Amounts	10,538,690
Total Liabilities	40,038,972
Deferred Inflows of Resources	
Property Taxes	7,602,194
Pension	248,893
OPEB	2,391,811
Total Deferred Inflows of Resources	10,242,898
Net Position	
Net Investment in Capital Assets	49,699,256
Restricted for:	
Capital Projects	6,193,597
Set Asides	45,566
Adult Education	3,460,942
District Managed Activities	88,039
Classroom Facilities Maintenance	5,630,050
State Grant Programs	193,898
Food Service Operations	107,103
Unclaimed Monies	3,322
Federal Grant Programs	11,101
Unrestricted	19,204,148
Total Net Position	$84,637,022

See accompanying notes to the basic financial statements

		Program Revenues			Net (Expense) Revenue and Change and in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$3,186,554	$0	$0	$0	($3,186,554)
Vocational	8,401,301	461,718	3,781,643	123,708	(4,034,232)
Adult/Continuing	3,198,381	1,662,147	1,808,614	0	272,380
Support Services:					
Pupils	1,352,348	0	332,136	0	(1,020,212)
Instructional Staff	1,312,949	227,803	426,749	0	(658,397)
Board of Education	59,597	0	0	0	(59,597)
Administration	1,937,058	0	9,462	0	(1,927,596)
Fiscal	1,001,869	74,342	76,956	14,173	(836,398)
Business	304,756	0	0	0	(304,756)
Operation and Maintenance of Plant	1,755,767	37,386	143,918	0	(1,574,463)
Pupil Transportation	119,976	0	845	0	(119,131)
Central	257,942	0	0	0	(257,942)
Operation of Non-Instructional Services:					
Food Service Operations	471,371	51,270	363,932	0	(56,169)
Other Non-Instructional Services	6,368	0	97	0	(6,271)
Extracurricular Activities	129,358	56,124	514	0	(72,720)
Interest	226,883	0	0	0	(226,883)
Total Governmental Activities	$23,722,478	$2,570,790	$6,944,866	$137,881	(14,068,941)

General Revenues	
Property Taxes Levied for General Purposes	10,785,119
Property Taxes Levied for Capital Outlay	1,443,082
Payments in Lieu of Taxes	34,635
Grants and Entitlements not Restricted to Specific Programs	6,351,278
Interest	164,001
Miscellaneous	188,561
Total General Revenues	18,966,676
Change in Net Position	4,897,735
Net Position Beginning of Year	79,739,287
Net Position End of Year	$84,637,022

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Adult Education	2020 Construction	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$27,972,178	$3,371,466	$0	$19,611,448	$50,955,092
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,399,940	1,399,940
Investments	0	0	6,552,860	0	6,552,860
Inventory Held for Resale	0	0	0	2,584	2,584
Materials and Supplies Inventory	48,744	0	0	4,114	52,858
Accounts Receivable	82,121	319,859	0	0	401,980
Intergovernmental Receivable	72,408	4,193	0	595,522	672,123
Accrued Interest Receivable	34,844	4,381	0	14,721	53,946
Interfund Receivable	248,546	0	0	0	248,546
Prepaid Items	113,364	32,334	0	12,274	157,972
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	48,888	0	161,220	0	210,108
Property Taxes Receivable	11,270,700	0	0	1,492,462	12,763,162
Total Assets	$39,891,793	$3,732,233	$6,714,080	$23,133,065	$73,471,171
Liabilities					
Accounts Payable	$62,544	$54,447	$4,078	$467	$121,536
Accrued Wages and Benefits Payable	1,526,842	119,866	0	120,966	1,767,674
Intergovernmental Payable	162,183	17,339	0	25,837	205,359
Matured Compensated Absences Payable	45,907	6,920	0	0	52,827
Interfund Payable	0	0	0	248,546	248,546
Contracts Payable	0	0	1,869,003	6,912	1,875,915
Retainage Payable	0	0	161,220	0	161,220
Total Liabilities	1,797,476	198,572	2,034,301	402,728	4,433,077
Deferred Inflows of Resources					
Property Taxes	6,724,172	0	0	878,022	7,602,194
Unavailable Revenue	932,066	309,255	0	405,802	1,647,123
Total Deferred Inflows of Resources	7,656,238	309,255	0	1,283,824	9,249,317
Fund Balances					
Nonspendable:					
Inventories	48,744	0	0	4,114	52,858
Prepaid Items	113,364	32,334	0	12,274	157,972
Unclaimed Monies	3,322	0	0	0	3,322
Restricted for:					
Capital Projects	0	0	4,679,779	5,762,944	10,442,723
Set Asides	45,566	0	0	0	45,566
Food Service Operations	0	0	0	117,337	117,337
Adult Education	0	3,192,072	0	0	3,192,072
District Managed Activities	0	0	0	87,915	87,915
Classroom Facilities Maintenance	0	0	0	5,629,318	5,629,318
State Grant Programs	0	0	0	185,720	185,720
Committed to:					
Capital Improvements	0	0	0	9,603,806	9,603,806
Budget Stabilization	128,102	0	0	0	128,102
Severance Payments	901,016	0	0	0	901,016
Scholarships	0	0	0	70,691	70,691
Assigned to:					
Purchases on Order	149,660	0	0	0	149,660
Other Purposes	38,585	0	0	0	38,585
Unassigned (Deficit)	29,009,720	0	0	(27,606)	28,982,114
Total Fund Balances	30,438,079	3,224,406	4,679,779	21,446,513	59,788,777
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$39,891,793	$3,732,233	$6,714,080	$23,133,065	$73,471,171

See accompanying notes to the basic financial statements

Total Governmental Fund Balances			$59,788,777
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			56,028,521
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:			
	Delinquent Property Taxes	1,025,349	
	Intergovernmental Revenues	270,793	
	Interest Revenue	23,950	
	Tuition and Fees	327,031	1,647,123
Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds.			(156,427)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.			(17,569)
The net OPEB asset and net pension/OPEB liability are not due and payable in the current period and therefore the asset, liability, and related deferred inflows/outflows are not reported in governmental funds:			
	Net OPEB Asset	1,237,018	
	Deferred Outflows - Pension	3,928,487	
	Deferred Inflows - Pension	(248,893)	
	Net Pension Liability	(22,327,529)	
	Net OPEB Liability	(1,654,868)	
	Deferred Outflows - OPEB	502,241	
	Deferred Inflows - OPEB	(2,391,811)	(20,955,355)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
	Capital Leases Payable	(10,964,594)	
	Compensated Absences	(733,454)	(11,698,048)
Net Position of Governmental Activities			$84,637,022

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Adult Education	2020 Construction	Other Govermental Funds	Total Governmental Funds
Revenues					
Property Taxes	$10,684,275	$0	$0	$1,436,292	$12,120,567
Payments in Lieu of Taxes	33,850	0	0	785	34,635
Intergovernmental	9,194,210	2,010,060	0	2,304,774	13,509,044
Interest	115,534	23,134	8,981	75,123	222,772
Tuition and Fees	409,418	1,857,034	0	0	2,266,452
Extracurricular Activities	0	0	0	56,124	56,124
Charges for Services	70,338	0	0	51,270	121,608
Gifts and Donations	2,000	0	0	0	2,000
Miscellaneous	192,376	12,422	0	1,943	206,741
Total Revenues	20,702,001	3,902,650	8,981	3,926,311	28,539,943
Expenditures					
Current:					
Instruction:					
Regular	2,795,542	0	0	0	2,795,542
Vocational	6,623,058	0	0	1,165,820	7,788,878
Adult/Continuing	467	2,920,002	0	118,622	3,039,091
Support Services:					
Pupils	958,527	0	0	301,241	1,259,768
Instructional Staff	607,570	411,962	0	194,547	1,214,079
Board of Education	56,705	0	0	0	56,705
Administration	1,739,792	0	0	20,794	1,760,586
Fiscal	773,745	139,440	0	31,083	944,268
Business	264,889	0	0	0	264,889
Operation and Maintenance of Plant	1,296,024	67,341	0	251,527	1,614,892
Pupil Transportation	82,796	0	0	845	83,641
Central	245,005	0	0	0	245,005
Operation of Non-Instructional Services:					
Food Service Operations	189	0	0	426,326	426,515
Other Non-Instructional Services	5,749	0	0	619	6,368
Extracurricular Activities	77,406	0	0	39,565	116,971
Capital Outlay	0	0	6,980,899	43,555	7,024,454
Debt Service:					
Principal Retirement	3,840	0	0	1,135,000	1,138,840
Interest and Fiscal Charges	623	0	0	228,080	228,703
Total Expenditures	15,531,927	3,538,745	6,980,899	3,957,624	30,009,195
Excess of Revenues Over (Under) Expenditures	5,170,074	363,905	(6,971,918)	(31,313)	(1,469,252)
Other Financing Source (Use)					
Transfers In	0	0	0	1,080,000	1,080,000
Transfers Out	(1,080,000)	0	0	0	(1,080,000)
Total Other Financing Source (Use)	(1,080,000)	0	0	1,080,000	0
Net Change in Fund Balances	4,090,074	363,905	(6,971,918)	1,048,687	(1,469,252)
Fund Balances Beginning of Year	26,348,005	2,860,501	11,651,697	20,397,826	61,258,029
Fund Balances End of Year	$30,438,079	$3,224,406	$4,679,779	$21,446,513	$59,788,777

See accompanying notes to the basic financial statements

Net Change in Fund Balances - Total Governmental Funds			($1,469,252)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:			
	Capital Asset Additions	7,310,646	
	Current Year Depreciation	(1,344,911)	5,965,735
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			
	Delinquent Property Taxes	107,634	
	Intergovernmental Revenues	(125,117)	
	Interest Revenue	(10,673)	
	Tuition and Fees Revenues	126,606	
	Miscellaneous Revenues	(18,180)	80,270
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net position.			1,138,840
In the statement of activities, interest is accrued on outstanding capital leases , whereas in governmental funds, an interest expenditure is reported when due.			1,820
Contractually required contributions are reported as expenditures in governmental funds, however, the statement of net position reports these amounts as deferred outflows:			
	Pension	1,610,607	
	OPEB	19,587	1,630,194
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:			
	Pension	(2,815,720)	
	OPEB	70,087	(2,745,633)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
	Compensated Absences	233,314	
	Vacation Benefits	62,447	295,761
Change in Net Position of Governmental Activities			$4,897,735

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$9,550,000	$9,550,000	$10,301,483	$751,483
Payments in Lieu of Taxes	35,000	35,000	33,850	(1,150)
Intergovernmental	9,238,000	9,238,000	9,123,219	(114,781)
Interest	400,000	400,000	307,619	(92,381)
Tuition and Fees	345,100	499,100	409,352	(89,748)
Rentals	1,000	1,000	0	(1,000)
Gifts and Donations	26,000	26,000	2,000	(24,000)
Charges for Services	146,000	146,000	69,810	(76,190)
Miscellaneous	27,100	27,100	193,005	165,905
Total Revenues	19,768,200	19,922,200	20,440,338	518,138
Expenditures				
Current:				
Instruction:				
Regular	2,668,178	2,668,178	2,703,217	(35,039)
Vocational	7,502,663	7,753,663	6,545,497	1,208,166
Adult/Continuing	8,000	8,000	400	7,600
Support Services:				
Pupils	931,900	931,900	930,764	1,136
Instructional Staff	733,954	733,954	585,830	148,124
Board of Education	101,121	101,121	63,871	37,250
Administration	1,792,161	1,792,161	1,757,526	34,635
Fiscal	797,518	797,518	804,810	(7,292)
Business	333,399	333,399	281,880	51,519
Operation and Maintenance of Plant	1,390,902	1,390,902	1,294,642	96,260
Pupil Transportation	117,781	117,781	87,644	30,137
Central	251,222	251,222	257,341	(6,119)
Operation of Non-Instructional/Shared Services	29,749	29,749	5,749	24,000
Extracurricular Activities	128,041	128,041	77,606	50,435
Debt Service:				
Principal Retirement	3,840	3,840	3,840	0
Interest and Fiscal Charges	623	623	623	0
Total Expenditures	16,791,052	17,042,052	15,401,240	1,640,812
Excess of Revenues Over Expenditures	2,977,148	2,880,148	5,039,098	2,158,950
Other Financing Sources (Uses)				
Transfers In	0	0	10,553	10,553
Advances In	30,000	30,000	0	(30,000)
Transfers Out	(1,550,000)	(1,550,000)	(1,230,000)	320,000
Other Financing Uses	(994)	(994)	0	994
Total Other Financing Sources (Uses)	(1,520,994)	(1,520,994)	(1,219,447)	301,547
Net Change in Fund Balance	1,456,154	1,359,154	3,819,651	2,460,497
Fund Balance Beginning of Year	23,124,708	23,124,708	23,124,708	0
Prior Year Encumbrances Appropriated	121,625	121,625	121,625	0
Fund Balance End of Year	$24,702,487	$24,605,487	$27,065,984	$2,460,497

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$2,218,322	$2,708,669	$1,824,660	($884,009)
Interest	0	0	36,601	36,601
Tuition and Fees	1,484,706	1,487,256	1,899,505	412,249
Miscellaneous	0	0	12,422	12,422
Total Revenues	3,703,028	4,195,925	3,773,188	(422,737)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	3,985,964	3,994,514	2,986,461	1,008,053
Support Services:				
Instructional Staff	464,610	464,610	395,406	69,204
Fiscal	130,922	130,922	130,656	266
Operation and Maintenance of Plant	0	0	66,841	(66,841)
Total Expenditures	4,581,496	4,590,046	3,579,364	1,010,682
Net Change in Fund Balance	(878,468)	(394,121)	193,824	587,945
Fund Balance Beginning of Year	3,015,016	3,015,016	3,015,016	0
Prior Year Encumbrances Appropriated	77,605	77,605	77,605	0
Fund Balance End of Year	$2,214,153	$2,698,500	$3,286,445	$587,945

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2021

Assets	
Equity in Pooled Cash and Cash Equivalents	$78,660
Investments in Segregated Accounts	1,362,144
Total Assets	$1,440,804
Net Position	
Restricted for Individuals	$1,440,804

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2021

Additions	
Interest	$384,218
Deductions	
Payments for Scholarships to Individuals	55,388
Change in Net Position	328,830
Net Position Beginning of Year	1,111,974
Net Position End of Year	$1,440,804

See accompanying notes to the basic financial statements

Note 1 - Description of the Center and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the School District name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the School District name was changed to the Mid-East Career and Technology Centers (Center). The Center is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school.

The Center includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The Center is staffed by ninety-one classified employees and one hundred and fifty-four certified teaching personnel who provide services to one thousand one hundred and eighty-one students and other community members. The Center currently operates ten instructional and administrative buildings on two campuses.

The Center operates under a thirteen member appointed Board of Education and is responsible for the provision of public education to residents of the Center. The Board consists of either 1) one member from the participating school districts' elected Boards or 2) one member appointed by the Board of Education of each of the above districts. For the Center, the members from Crooksville Exempted Village School District, Noble Local School District, Northern Local School District, Tri-Valley Local School District, and Zanesville City School District are appointed by their respective boards of education.

Reporting Entity

Since the Center does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity."

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Center are not misleading. The Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Mid-East Career and Technology Centers, this includes general operations, food service, and student related activities of the Center.

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

The Center participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Coalition of Rural and Appalachian Schools (CORAS), the Ohio Coalition for Equity and Adequacy of School Funding, and the Metropolitan Educational Technology Association (META Solutions), which are defined as jointly governed organizations, and the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program and the Ohio School Benefits Cooperative, which are defined as group insurance purchasing pools. Additional information concerning these organizations is presented in Note 18.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the stand-alone government, except for fiduciary funds. The statements usually distinguish between those activities of the Center that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The Center, however, has no business-type activities.

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

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

Fund Accounting

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

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

> ***General Fund*** The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Center for any purpose, provided it is expended and transferred according to the general laws of Ohio.
>
> ***Adult Education Special Revenue Fund*** The Adult Education Special Revenue Fund accounts for intergovernmental, interest, and tuition and fees revenues that are restricted to be used in connection with adult education classes.
>
> ***2020 Construction Capital Projects Fund*** The 2020 Construction Capital Projects Fund accounts for the proceeds of a lease-purchase agreement restricted for constructing, enlarging, improving, furnishing, and equipping certain project facilities.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center’s only fiduciary fund is a private purpose trust fund which accounts for a scholarship program for nursing students.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

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. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Center, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes delinquent property taxes, intergovernmental grants, accrued interest, and tuition and fees. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15)

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

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

Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds, except for a portion of the private purpose trust fund monies and segregated accounts, are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2021, the Center's investments were limited to United States Treasury bills and notes, federal agency securities, municipal bonds, mutual funds, negotiable certificates of deposit, and STAR Ohio. Investments in United States Treasury bills and notes, municipal bonds, federal agency securities, and negotiable certificates of deposit are stated at fair value. Investments in mutual funds are stated at fair value based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants".

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Based upon Board policy, the Center distributes interest to the General Fund, the Adult Education, Fox Scholarship, Student Activities, and Food Service Special Revenue Funds, Permanent Improvement Levy and Permanent Improvement Capital Projects Funds, and the Private Purpose Trust Fund. Interest revenue credited to the General Fund during fiscal year 2021 amounted to $115,534, which includes $63,230 assigned from other Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents. Investments with an original maturity of greater than three months and not purchased from the cash management pool are presented on the financial statements as cash and cash equivalents and investments in segregated accounts. The Center reports the change in fair value of investments. The calculation of realized gains/losses is independent of the calculation of the change in fair value of investments. The realized gains/losses of the current period include unrealized amounts from prior periods.

Prepaid Items

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

Inventory

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

Capital Assets

All of the Center's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

All reported capital assets 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:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	50 Years
Vehicles	8-10 Years
Machinery, Equipment, Furniture and Fixtures	5-25 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service. The liability for vacation benefits is recorded as “vacation benefits payable”, rather than long-term liabilities, as the balances are to be used by employees in the fiscal year in which the benefit was earned.

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which these payments will be made.

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, notes, and leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the penion/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

Bond Premiums

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds are issued. The face amount of the debt and the premium received on the debt issuance are reported as other financing sources.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the repayment to the bond escrow agent.

Interfund Activity

Transfers within governmental activities are eliminated on the government wide financial statements.

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

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets on the Governmental Balance Sheet represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization, amounts representing unclaimed monies, and amounts withheld on construction contracts until the successful completion of the contracts. See Note 20 for additional information regarding set asides.

Fund Balance

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

> Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term portion of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.
>
> Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.
>
> Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> Assigned: Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Center Board of Education delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.
>
> Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

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.

Estimates

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

Budgetary Data

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

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

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

Note 3 - Accountability

At June 30, 2021, the Vocational Education Federal Grant and Governors Emergency Education Relief Special Revenue Funds had deficit fund balances of $20,639 and $3,364, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 - Budgetary Basis of Accounting

While the Center is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and the Adult Education Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budgets. The major differences between the budget basis and GAAP basis are as follows:

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

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

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

4. Unrecorded cash, unreported interest, and fair value adjustments for investments represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

5. Prepaid items are reported on the balance sheet (GAAP basis) but not on the budget basis.

6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and are reported with the General Fund (GAAP basis).

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	$4,090,074	$363,905
Net Adjustment for Revenue Accruals	(505,887)	(142,007)
Unrecorded Cash - Prior Year	72,802	0
Unreported Interest - Prior Year	601	54
Unreported Interest - Current Year	(1,515)	(190)
Fair Value for Investments - Prior Year	261,779	23,579
Fair Value for Investments - Current Year	(86,691)	(10,898)
Prepaid Items - Prior Year	127,734	37,269
Prepaid Items - Current Year	(113,364)	(32,334)
Net Adjustment for Expenditure Accruals	291,346	28,379
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(145,507)	0
Encumbrances	(171,721)	(73,933)
Budget Basis	$3,819,651	$193,824

Note 5 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board 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.

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

Interim monies held by the Center can 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

***Investments*:** As of June 30, 2021, the Center had the following investments:

Measurement/Investment	Amount	Maturity	Rating	Investments
Net Value Per Share				
STAR Ohio	$148,002	Average 54.4 days	AAAm	N/A
Fair Value - Level 1 Inputs				
Money Market Mutual Funds	1,948,771	N/A	N/A	7.74%
Massachusetts Investors Trust - Open End Mutual Fund	1,362,144	N/A	N/A	5.41%
Total Level 1 Inputs	3,310,915			
Fair Value - Level 2 Inputs				
Federal Home Loan Mortgage Corporation Notes	1,652,659	01/13/2022-12/23/2025	AA+/Aaa	6.57%
Federal National Mortgage Association Notes	1,042,459	05/22/2023-11/18/2024	AA+/Aaa	4.14%
Federal Home Loan Bank Bonds	3,335,613	07/07/2021-03/24/2026	AA+/Aaa	13.26%
Federal Farm Credit Bank Notes	3,638,719	05/18/2022-01/27/2025	AA+/Aaa	14.46%
Negotiable Certificates of Deposit	9,302,771	07/12/2021-04/30/2025	N/A	36.97%
Municipal Bonds	2,426,680	11/16/2021-12/01/2024	AA/Aa2	9.64%
US Treasury Bills/Notes	454,352	02/28/2023-03/31/2023	AA+/Aaa	1.81%
Total Level 2 Inputs	21,853,253			
Total	$25,312,170			

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Center's recurring fair value measurements as of June 30, 2021. The Money Market Mutual Funds and the Open End Mutual Fund are measured at fair value and are valued using quoted market prices (Level 1 inputs). The Center's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (level 2 inputs).

Interest Rate Risk

The Center's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The stated intent of the investment policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy that addresses custodial credit risk.

Concentration of Credit Risk

The Center places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance, and recognized as revenue at June 30, 2021, was $3,650,554 in the General Fund and $485,065 in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance at June 30, 2020, was $3,267,762 in the General Fund and $437,983 was available in the Permanent Improvement Levy Capital Projects Fund.

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

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

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$3,344,810,618	73.29%	$3,427,112,043	71.81%
Public Utility Personal	1,218,744,820	26.71%	1,345,530,950	28.19%
Total	$4,563,555,438	100.00%	$4,772,642,993	100.00%
Tax rate per $1,000 of assessed valuation	$3.55		$3.55	

Note 7 - Tax Abatements

Center property taxes were reduced as follows under enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Fiscal Year 2021 Taxes Abated
Rolling Hills Local School District	$31,326
Cambridge City School District	3,344
Zanesville City School District	943
Tri-Valley Local School District	15,548
East Muskingum Local School District	3,905
West Muskingum Local School District	187
	$55,253

The above amounts are reported net of the payments in lieu of taxes that the Center receives as a result of these overlapping government agreements with counties in the boundaries of the Center. The overlapping governments have agreed to these enterprise zone agreements with various companies and are being compensated, in part, for lost real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreements. The Center shares in these payments that are shown as Payments in Lieu of Taxes in the financial statements.

Note 8 - Receivables

Receivables at June 30, 2021, consisted of property taxes, accounts, intergovernmental grants, accrued interest, and interfund. 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. All receivables, except property taxes and the classroom facilities grant, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $1,025,349 may not be collected within one year. The portion of the State Classroom Facilities grant totaling $254,601 that will be paid to the Center through the Ohio School Facilities Commission for future construction and/or final reconciliation of the program, may not be collected within one year.

On October 1, 2009, the Center was awarded $22,712,695 for renovations to buildings on two campuses under the State's "Classroom Facilities Program". Under this program, the Center entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As part of the process, the Center maintained a fund into which a set amount of proceeds from a levy was receipted for facilities maintenance. On December 23, 2010, an amendment to this project was approved in the amount of $3,233,631 due to a reassessment of the budget for the project. As of the end of the fiscal year 2021, the Center had received $25,691,725 of the monies awarded under this program. The remaining amount of $254,601 is recorded as a receivable and unavailable revenue on the balance sheet.

A summary of principal items of intergovernmental receivables follows:

	Amounts
ABLE Grant	$39,172
Carl D. Perkins Secondary Grant	87,772
Carl D. Perkins Adult Grant	20,898
CARES Act Higher Education Funding	4,193
Governors Emergency Education Relief	176,505
Ohio School Facilities Grant	254,601
OMEGA CDL Grant	7,500
High Schools That Work Grant	7,167
Foundation Adjustments	70,902
Child and Adult Care Food Program	991
Miscellaneous Intergovernmental Receivables	2,422
Total	$672,123

During fiscal year 2021, the Center received payments in lieu of taxes from Haliburton Energy Services, Incorporated, Fyda Freightliner, Incorporated, and Store It, LLC. (See Note 7). These companies remit these payments to the county treasurer where they are distributed to the taxing subdivisions levying taxes in the subdivisions in which the property is located. As of June 30, 2021, there are no amounts that are currently being billed and the amount of revenue on the financial statements represent the final amounts received from tax year 2020.

Note 9 - Interfund Balances

At June 30, 2021, the General Fund reflects an interfund receivable in the amount of $248,546. This amount is due from the Miscellaneous State Grants, Vocational Education Federal Grant, Governors Emergency Education Relief, and Miscellaneous Federal Grants Special Revenue Funds in the amounts of $6,096, $51,062, $172,530, and $18,858, respectively, on the governmental fund balance sheet. These transactions are the result interfund loans used to provide cash flow resources until the receipt of grant monies.

Note 10 - Capital Assets

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

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Nondepreciable Capital Assets				
Land	$585,623	$0	$0	$585,623
Construction in Progress	466,158	6,888,282	0	7,354,440
Total Nondepreciable Capital Assets	1,051,781	6,888,282	0	7,940,063
Depreciable Capital Assets				
Buildings and Improvements	59,538,099	19,590	0	59,557,689
Vehicles	1,298,795	124,458	0	1,423,253
Machinery, Equipment, Furniture and Fixtures	3,912,831	278,316	0	4,191,147
Total Depreciable Capital Assets	64,749,725	422,364	0	65,172,089
Less Accumulated Depreciation:				
Buildings and Improvements	(12,782,100)	(1,003,902)	0	(13,786,002)
Vehicles	(787,302)	(91,215)	0	(878,517)
Machinery, Equipment, Furniture and Fixtures	(2,169,318)	(249,794)	0	(2,419,112)
Total Accumulated Depreciation	(15,738,720)	(1,344,911) *	0	(17,083,631)
Total Depreciable Capital Assets, Net	49,011,005	(922,547)	0	48,088,458
Governmental Activities Capital Assets, Net	$50,062,786	$5,965,735	$0	$56,028,521

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$169,061
Vocational	552,482
Adult/Continuing	142,549
Support Services:	
Pupils	72,188
Instructional Staff	63,143
Board of Education	1,860
Administration	119,259
Fiscal	33,320
Business	17,468
Operation and Maintenance of Plant	91,314
Pupil Transportation	33,386
Central	17,647
Non-Instructional Services - Food Service Operations	25,429
Extracurricular Activities	5,805
Total Governmental Depreciation	$1,344,911

Note 11 - Interfund Transfers

During fiscal year 2021, the Center transferred $80,000 from the General Fund to the Food Service Special Revenue Fund in order to maintain a working balance in this fund. In addition, $1,000,000 was transferred from the General Fund to the Capital Improvement Capital Projects Fund to accumulate a fund balance to be able to meet future capital improvement needs.

Note 12 - Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the Center contracted with the Netherlands Insurance Company and Indiana Insurance Company, through The Young Insurance Agency. Coverage is as follows:

Commercial Property	$63,855,013	$5,000 deductible
Commercial Umbrella	5,000,000	
Commercial General Liability:		
Per Occurrence	1,000,000	1,000 deductible
Aggregate Per Year	3,000,000	1,000 deductible
Commercial Crime Per Occurrence	100,000	500 deductible
Commercial Inland Marine		
Miscellaneous Floater Coverage	5,000-100,000	500 deductible
Miscellaneous Floater Coverage - Rented/Leased	13,298-550,000	5,000 deductible
Commercial Auto		
Liability	1,000,000	
Medical Expense	5,000	
Comprehensive	Actual Cash Value	1,000 deductible
Collision	Actual Cash Value	1,000 deductible
Uninsured Motorists	500,000	
Underinsured Motorists	500,000	

In addition, the Center contracts with the Ohio Casualty Insurance Company for bonds for the Treasurer and Superintendent up to limits of $100,000 each.

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

Workers' Compensation

For fiscal year 2021, the Center participated in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 18). The GRP is an alternative rating program to assist participants with controlling and reducing their workers' compensation premium. The program is designed to reward participants that are able to keep their claim costs below a predetermined amount. School districts join together as a group; however, each continues to pay their own individual premium to the State. At the end of each of the three evaluation periods, each school district has an opportunity to receive retrospective premium adjustments based on the combined performance of the group. The firm of Sedgwick Claims Management Services, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 13 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Administrators and teachers who work less than 260 days per year do not earn vacation time. Vacation balances are to be used within one year from the time they are earned. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 280 days for all employees. Upon retirement, employees other than the superintendent and treasurer receive payment for one-fourth of the sick leave accumulation. The superintendent and treasurer receive payment for thirty-five percent of the sick leave accumulation.

Insurance

The Center provides health insurance benefits through the Ohio School Benefits Cooperative, an insurance purchasing pool (see Note 18). The costs of health insurance premiums are $2,063.59 for family coverage and $824.31 for single coverage. The employees are responsible to pay $309.54 for family coverage and $123.65 for single coverage. The board pays the remainder of the monthly premium.

The Center provides life insurance and accidental death and dismemberment insurance to employees through Lincoln Financial Company in the amount of $45,000 for full-time certified employees and $45,000 for full-time and $25,000 for part-time classified employees.

The Center provides dental insurance benefits to employees through Trustmark Health Benefits, Inc. The costs of dental insurance premiums are $81.48 for both family and single coverage with the employee share being $14.38.

Note 14 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 202, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The Center's contractually required contribution to SERS was $404,660 for fiscal year 2021. Of this amount, $34,504 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was $1,205,947 for fiscal year 2021. Of this amount, $184,726 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.07820550%	0.07102235%	
Current Measurement Date	0.08008260%	0.07038513%	
Change in Proportionate Share	0.00187710%	-0.00063722%	
			Total
Proportionate Share of the Net Pension Liability	$5,296,831	$17,030,698	$22,327,529
Pension Expense	$683,508	$2,132,212	$2,815,720

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$10,288	$38,213	$48,501
Changes of assumptions	0	914,220	914,220
Net difference between projected and actual earnings on pension plan investments	336,241	828,205	1,164,446
Changes in proportion and differences between Center contributions and proportinate share of contributions	66,118	124,595	190,713
Center contributions subsequent to the measurement date	404,660	1,205,947	1,610,607
Total Deferred Outflows of Resources	$817,307	$3,111,180	$3,928,487
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$108,900	$108,900
Changes in proportion and differences between Center contributions and proportinate share of contributions	4,703	135,290	139,993
Total Deferred Inflows of Resources	$4,703	$244,190	$248,893

$1,610,607 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$36,520	$583,266	$619,786
2023	126,000	267,628	393,628
2024	140,153	467,865	608,018
2025	105,271	342,284	447,555
Total	$407,944	$1,661,043	$2,068,987

Actuarial Assumptions - SERS

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

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

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

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

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

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	$7,256,013	$5,296,831	$3,653,042

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net pension liability	$24,248,748	$17,030,698	$10,914,000

Social Security System

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

Note 15 - Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

Health Care Plan Description - The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 1.5 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Center's surcharge obligation was $19,587.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $19,587 for fiscal year 2021, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	
Proportion of the Net OPEB Liability/Asset			
Prior Measurement Date	0.07591380%	0.07102235%	
Current Measurement Date	0.07614440%	0.07038513%	
Change in Proportionate Share	0.00023060%	-0.00063722%	
Proportionate Share of the:			Total
Net OPEB Liability	$1,654,868	$0	$1,654,868
Net OPEB Asset	$0	$1,237,018	$1,237,018
OPEB Expense	($1,337)	($68,750)	($70,087)

At June 30, 2021, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$21,735	$79,262	$100,997
Changes of assumptions	282,098	20,420	302,518
Net difference between projected and actual earnings on pension plan investments	18,646	43,352	61,998
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	0	17,141	17,141
Center contributions subsequent to the measurement date	19,587	0	19,587
Total Deferred Outflows of Resources	$342,066	$160,175	$502,241
Deferred Inflows of Resources			
Differences between expected and actual experience	$841,615	$246,396	$1,088,011
Changes of assumptions	41,682	1,174,959	1,216,641
Changes in Proportionate Share and difference between Center contributions and proportionate share of contributions	86,269	890	87,159
Total Deferred Inflows of Resources	$969,566	$1,422,245	$2,391,811

$19,587 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	($131,236)	($314,633)	($445,869)
2023	(129,887)	(285,289)	(415,176)
2024	(130,107)	(274,991)	(405,098)
2025	(127,285)	(271,698)	(398,983)
2026	(95,623)	(55,533)	(151,156)
Thereafter	(32,949)	(59,926)	(92,875)
Total	($647,087)	($1,262,070)	($1,909,157)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure the total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the State statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Center's proportionate share of the net OPEB liability	$2,025,516	$1,654,868	$1,360,202

	1% Decrease (6.00 % decreasing to 3.75 %)	Current Trend Rate (7.00 % decreasing to 4.75 %)	1% Increase (8.00 % decreasing to 5.75 %)
Center's proportionate share of the net OPEB liability	$1,303,082	$1,654,868	$2,125,294

Actuarial Assumptions - STRS

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability at June 30, 2020.

Sensitivity of the 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, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net OPEB asset	($1,076,286)	($1,237,018)	($1,373,393)

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	($1,364,927)	($1,237,018)	($1,081,204)

Note 16 - Capital Leases

In prior years, the Center entered into capitalized lease agreements for copiers and a postage machine. Each lease meets the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the General Fund. Principal payments in fiscal year 2021 totaled $3,840.

During fiscal year 2020, the Center (Lessee) entered into a lease-purchase agreement with JP Morgan Chase Bank (Lessor) for the purpose of constructing, enlarging, improving, furnishing, and equipping certain project facilities. The Center will convey to the Lessor a base leasehold interest in the real property and existing improvements and, in turn, the Center shall lease the project facilities from the Lessor subject to annual appropriations.

The lease will be repaid from the Permanent Improvement Levy Capital Projects Fund from levy proceeds. Principal payments in fiscal year 2021 totaled $1,135,000. The amount of the unspent lease proceeds, not including accounts and contracts payable accruals, in the amount of $6,669,630, are presented in the financial statements at their fair value of $6,714,080.

Leased equipment was originally capitalized in the amount of $30,755, the present value of the minimum lease payments at the inception of the leases. The accumulated depreciation as of June 30, 2021 was $15,852, and the book value was $14,903. Leased project facilities are still in the construction phase and are capitalized as construction in progress in the amount of $7,354,440.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021:

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total
2022	$1,126,987	$207,242	$1,334,229
2023	1,147,607	184,380	1,331,987
2024	1,169,000	161,300	1,330,300
2025	1,193,000	137,798	1,330,798
2026	1,216,000	113,828	1,329,828
2027-2030	5,112,000	205,944	5,317,944
Present Value of Net Minimum Lease Payments	$10,964,594	$1,010,492	$11,975,086

Note 17 - Long-Term Obligations

The changes in the Center's long-term obligations during the year consist of the following:

	Principal Outstanding 06/30/20	Additions	Reductions	Principal Outstanding 06/30/21	Amounts Due within One Year
Governmental Activities:					
Capital Leases Payable	$12,103,434	$0	($1,138,840)	$10,964,594	$1,126,987
Net Pension Liability -					
STRS	15,706,165	1,324,533	0	17,030,698	0
SERS	4,679,172	617,659	0	5,296,831	0
Total Net Pension Liability	20,385,337	1,942,192	0	22,327,529	0
Net OPEB Liability -					
SERS	1,909,072	0	(254,204)	1,654,868	0
Compensated Absences	966,768	106,242	(339,556)	733,454	32,371
Total Governmental Activities Long-Term Liabilities	$35,364,611	$2,048,434	($1,732,600)	$35,680,445	$1,159,358

Capital leases will be repaid from the General Fund.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General Fund and Adult Education, Vocational Education, Miscellaneous State Grants, Miscellaneous Federal Grants, Governors Education Emergency Relief, and Food Service Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 14 and 15.

The Center will pay compensated absences from the General Fund and the Adult Education and Food Service Special Revenue Funds.

The overall debt margin of the Center as of June 30, 2021, was $429,533,275, with an unvoted debt margin of $4,768,049.

Note 18 - Jointly Governed Organizations and Group Insurance Purchasing Pools

Jointly Governed Organizations

The ***Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)*** was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district. The Board exercises total control over the operation of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2021, the amount paid to OMERESA from the Center was $55,997 for technology, internet access, financial accounting services, and educational management information. The Jefferson County Education Service Center serves as fiscal agent. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The ***Coalition of Rural and Appalachian Schools (CORAS)*** is a jointly governed organization composed of 136 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of no more than nineteen members, not including ex-officio members. The Board shall include the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There shall be one elected member from each of the eight multi-county regions. The eight elected members shall appoint eight additional members, one from each multi-county region. A County Region must have a minimum of five active public school district members to qualify for an elected and an appointed member on the Board. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Council exercises total control over the operation of CORAS including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Center's membership fee was $325 for fiscal year 2021. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at McCraken Hall, Ohio University, Athens, Ohio 45701.

The Ohio Coalition for Equity and Adequacy of School Funding is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. The steering committee consists of 90 representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex-officio members. Each participant's control is limited to its representation on the committee. The steering committee exercises total control of the operation of the Coalition including budgeting, appropriating, contracting, and designating management. The Center's membership fee was $527 for fiscal year 2021.

The Center participates in the ***Metropolitan Educational Technology Association (META Solutions),*** a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The Board of Directors shall be the governing body of META. The Board of Directors shall consist of thirteen voting Directors, each a superintendent or business official representing a different Full Member of META. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2021, the Center made a payment of $2,000 to META for services. Financial information may be obtained from Scott Armstrong, CFO, 100 Executive Drive, Marion, Ohio 43302.

Group Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The Center's enrollment fee was $1,585 for calendar year 2021.

Ohio School Benefits Cooperative The Center participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay an initial $500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. The Center elected to participate in the joint insurance purchasing program for medical, prescription drug, and vision coverage.

Note 19 - Contingencies

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2021, if applicable, cannot be determined at this time.

School Foundation

In fiscal year 2021, School District foundation funding was 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. ODE adjustments have been finalized. The impact of the FTE adjustments were not material to the 2021 financial statements.

Litigation

The Center is currently not a party to any legal proceedings.

Note 20 - Set-Asides

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

Effective June 30, 2005, through Amended Substitute House Bill 66, school districts that are declared to be in Fiscal Caution, may either reduce or eliminate the set-aside, provided that the Districts apply and receive approval from the Ohio Department of Education.

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

	Capital Improvements	Budget Stabilization
Set-aside reserve balance as of June 30, 2020	$0	$45,566
Current year offsets	(1,000,000)	0
Current year set-aside requirement	196,702	0
Qualifying disbursements	(260,318)	0
Total	($1,063,616)	$45,566
Set-aside reserve balance as of June 30, 2021	$0	$45,566

The Center had qualifying expenditures and offsets during the fiscal year that reduced the set-aside amount below zero for capital improvements, which may not be carried forward to future fiscal years.

Note 21 - Significant Commitments

Encumbrances

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

Governmental Funds	
General Fund	$171,721
Adult Education Special Revenue Fund	73,933
2020 Construction Capital Projects Fund	4,786,306
Other Governmental Funds	182,498
Total All Funds	$5,214,458

Contractual Commitment

As of June 30, 2021, the Center had the following contractual purchase commitments relating to a locally funded construction project, payable from the 2020 Construction Capital Projects Fund:

Contractors	Purchase Commitments	Amounts Paid as of 06/30/2021	Amounts Remaining on Contracts
V2 Architects	$749,000	$644,257	$104,743
The Knoch Corporation	6,759,474	4,603,372	2,156,102
Robertson Construction Service	2,313,423	1,891,967	421,456

Note 22 - COVID-19

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

Note 23 - Change in Accounting Principles

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

Note 24 - Subsequent Event

For fiscal year 2022, Center foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the Center's member schools were funded to the Center who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported $43,504 in tuition and fees from the resident member school district which will be direct funded to the Center in fiscal year 2022. This new funding system calculates a unique base cost for each School District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Mid-East Career and Technology Centers purchased a property in February 2022 at 3643 Church Hill Road, Zanesville, Ohio and an additional 11 acres adjacent to the property for $1,400,000 to be used for the Adult Education's training and testing for the CDL program.

Required

Supplementary

Information

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Eight Fiscal Years (1) *

	2021	2020	2019	2018
Center's Proportion of the Net Pension Liability	0.08008260%	0.07820550%	0.07871750%	0.07883830%
Center's Proportionate Share of the Net Pension Liability	$5,296,831	$4,679,172	$4,508,297	$4,710,414
Center's Covered Payroll	$2,788,921	$2,721,274	$2,628,741	$2,561,507
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.92%	171.95%	171.50%	183.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%

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

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.07565180%	0.07701230%	0.07917300%	0.07917300%
$5,537,013	$4,394,397	$4,006,901	$4,708,164
$2,403,836	$2,282,214	$2,478,740	$2,047,137
230.34%	192.55%	161.65%	229.99%
62.98%	69.16%	71.70%	65.52%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Eight Fiscal Years (1) *

	2021	2020	2019	2018
Center's Proportion of the Net Pension Liability	0.07038513%	0.07102235%	0.06994137%	0.69825270%
Center's Proportionate Share of the Net Pension Liability	$17,030,698	$15,706,165	$15,378,536	$16,587,142
Center's Covered Payroll	$8,493,593	$8,353,571	$8,028,050	$7,737,250
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	200.51%	188.02%	191.56%	214.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.06942418%	0.07008781%	0.07276065%	0.07276065%
$23,238,367	$19,370,221	$17,697,908	$21,081,632
$7,372,950	$7,274,393	$7,396,029	$7,710,177
315.18%	266.28%	239.29%	273.43%
66.80%	72.10%	74.70%	69.30%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Fiscal Years (1) *

	2021	2020	2019	2018	2017
Center's Proportion of the Net OPEB Liability	0.07614440%	0.07591380%	0.07749140%	0.07673520%	0.07413840%
Center's Proportionate Share of the Net OPEB Liability	$1,654,868	$1,909,072	$2,149,821	$2,059,371	$2,113,219
Center's Covered Payroll	$2,788,921	$2,721,274	$2,628,741	$2,561,507	$2,403,836
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	59.34%	70.15%	81.78%	80.40%	87.91%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Five Fiscal Years (1)*

	2021	2020	2019	2018	2017
Center's Proportion of the Net OPEB (Asset) Liability	0.07038513%	0.07102235%	0.06994137%	0.06982527%	0.06942418%
Center's Proportionate Share of the Net OPEB (Asset) Liability	($1,237,018)	($1,176,300)	($1,123,887)	$2,724,325	$3,712,823
Center's Covered Payroll	$8,493,593	$8,353,571	$8,028,050	$7,737,250	$7,372,950
Center's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.56%	-14.08%	-14.00%	35.21%	50.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of Center Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$404,660	$390,449	$367,372	$354,880
Contributions in Relation to the Contractually Required Contribution	(404,660)	(390,449)	(367,372)	(354,880)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$2,890,429	$2,788,921	$2,721,274	$2,628,741
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	$19,587	$16,011	$40,110	$44,494
Contributions in Relation to the Contractually Required Contribution	(19,587)	(16,011)	(40,110)	(44,494)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.68%	0.57%	1.47%	1.69%
Total Contributions as a Percentage of Covered Payroll	14.68%	14.57%	14.97%	15.19%

(1) The Center's covered payroll is the same for Penion and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$358,611	$336,537	$300,796	$343,553	$283,324	$276,366
(358,611)	(336,537)	(300,796)	(343,553)	(283,324)	(276,366)
$0	$0	$0	$0	$0	$0
$2,561,507	$2,403,836	$2,282,214	$2,478,740	$2,047,137	$2,054,764
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
$26,709	$26,675	$40,809	$22,643	$23,470	$44,692
(26,709)	(26,675)	(40,809)	(22,643)	(23,470)	(44,692)
$0	$0	$0	$0	$0	$0
1.04%	1.11%	1.79%	0.91%	1.15%	2.18%
15.04%	15.11%	14.97%	14.77%	14.99%	15.63%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of Center Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$1,205,947	$1,189,103	$1,169,500	$1,123,927
Contributions in Relation to the Contractually Required Contribution	(1,205,947)	(1,189,103)	(1,169,500)	(1,123,927)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$8,613,907	$8,493,593	$8,353,571	$8,028,050
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset/Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The Center's covered payroll is the same for Pension and OPEB

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$1,083,215	$1,032,213	$1,018,415	$961,484	$1,002,323	$967,387
(1,083,215)	(1,032,213)	(1,018,415)	(961,484)	(1,002,323)	(967,387)
$0	$0	$0	$0	$0	$0
$7,737,250	$7,372,950	$7,274,393	$7,396,029	$7,710,177	$7,441,438
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
$0	$0	$0	$73,960	$77,102	$74,414
0	0	0	(73,960)	(77,102)	(74,414)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions - SERS

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

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

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

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

Changes in Assumptions - STRS

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

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

Beginning with fiscal year 2018 post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Net OPEB Liability

Changes in Assumptions - SERS

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

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

Changes in Assumptions - STRS

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

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

Changes in Benefit Terms - STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR ***Pass-Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Pass-Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2020/2021	$32,458
Cash Assistance:			
School Breakfast Program	10.553	2020/2021	25,617
COVID - 19 School Breakfast Program	10.553	2020/2021	2,183
National School Lunch Program	10.555	2020/2021	137,904
COVID - 19 National School Lunch Program	10.555	2020/2021	15,026
Cash Assistance Subtotal			180,730
Total Child Nutrition Cluster			213,188
Child Care and Adult Care Food Program	10.558	2020/2021	5,748
COVID - 19 Child Care and Adult Care Food Program	10.558	2020/2021	510
Total Child Care and Adult Care Food Program			6,258
Total U.S. Department of Agriculture			219,446
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
COVID-19 Coronavirus Relief Fund	21.019	2021	51,056
COVID-19 Coronavirus Relief Fund - Broadband Ohio Connectivity Grant	21.019	2021	98,038
COVID-19 Coronavirus Relief Fund - Ohio Higher Education	21.019	2021	48,051
Total COVID-19 Coronavirus Relief Fund			197,145
Adult Education - Basic Grants to States	84.002	2020	8,766
	84.002	2021	84,601
Total Adult Education - Basic Grants to States			93,367
Career and Technical Education - Basic Grants to States	84.048	2020	76,821
	84.048	2021	592,968
Total Career and Technical Education - Basic Grants to States			669,789
COVID - 19 Higher Education Emergency Relief Fund - HEERF Student Aid Portion	84.425E	P425E202737	202,548
COVID - 19 Higher Education Emergency Relief Fund - HEERF Institutional Portion	84.425F	P425F201831	185,454
COVID - 19 Higher Education Emergency Relief Fund - HEERF Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant	84.425N	P425N200118	137,586
COVID - 19 Governor's Emergency Education Relief Fund - GEER I and II	84.425C	2021	317,193
			842,781
Student Financial Assistance Cluster:			
Direct from United States Department of Education:			
Federal Pell Grant Program	84.063	2020	437,790
Federal Direct Student Loans	84.268	2021	778,303
Total Student Financial Assistance Cluster			1,216,093
Total U.S. Department of Education			3,019,175
Total Expenditures of Federal Awards			**$3,238,621**

The accompanying notes are an integral part of this Schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mid-East Career and Technology Centers (the Center) under programs of the federal government for the year ended June 30, 2021. 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 Center, it is not intended to and does not present the financial position or changes in net position of the 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 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 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 Center reports commodities consumed on the Schedule at the fair value. The 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

88 East Broad Street
Columbus, Ohio 43215
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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*

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

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 Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 7, 2022 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2022

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Mid-East Career and Technology Centers, Muskingum County, Ohio (the 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 Mid-East Career and Technology Centers' major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Center's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Center's compliance for the Center's major federal programs 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 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 Center's major programs. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on the Major Federal Programs

In our opinion, Mid-East Career and Technology Centers complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The 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 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 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

March 7, 2022

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	COVID-19 Coronavirus Relief Fund – CFDA #21.019 COVID-19 Higher Education Emergency Relief Fund – CFDA # 84.425E, 84.425F, 84.425N COVID-19 Governor's Emergency Education Relief Fund – CFDA #84.425C
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

MID-EAST CAREER AND TECHNOLOGY CENTERS

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/22/2022

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