



OHIO AUDITOR OF STATE
KEITH FABER



**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY
JUNE 30, 2021**

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SCIOTO COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Scioto County Career Technical Center
Scioto County
951 Vern Riffe Drive
Lucasville, Ohio 45648

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 Scioto County Career Technical Center, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scioto County Career Technical Center, Scioto County, Ohio, as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Adult Education and Classroom Facilities Maintenance 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 21 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, 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 School District. 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 School District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
May 20, 2022

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Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

FINANCIAL HIGHLIGHTS

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

- Net position of governmental activities increased \$526,445.
- General revenues accounted for \$8,664,170 or 54% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants, and contributions, accounted for \$7,305,140 or 46% of total revenues of \$15,969,310.
- The School District had \$15,442,865 in expenses related to governmental activities; only \$7,305,140 of these expenses were offset by program specific charges for services and sales, operating grants, and contributions. General revenues of \$8,664,170 offset the remaining \$8,137,725 cost for these programs.
- The School District has five major funds: the General Fund, the Permanent Improvement Fund, the Adult Education Fund, the Debt Service Fund, and the Classroom Facilities Maintenance Fund. All governmental funds had total revenues and other financing sources of \$16,411,450 and expenditures and other financing uses of \$18,953,119.

USING THIS ANNUAL FINANCIAL REPORT

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

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Management's Discussion and Analysis
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Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes in to account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

- In the Statement of Net Position and the Statement of Activities, most of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Permanent Improvement Fund, the Adult Education Fund, the Debt Service Fund, and the Classroom Facilities Maintenance Fund.

Governmental Funds

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

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

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

Table 1
Statement of Net Position

	Governmental Activities	
	2021	2020
Assets		
Current and Other Assets	\$ 12,828,281	\$ 15,383,495
Net OPEB Asset	732,358	668,807
Capital Assets, Net	19,976,536	19,374,076
Total Assets	33,537,175	35,426,378
Deferred Outflows of Resources		
Pensions	2,720,542	2,673,120
OPEB	448,610	388,041
Total Deferred Outflows of Resources	3,169,152	3,061,161
Liabilities		
Current and Other Liabilities	672,549	943,020
Long-Term Liabilities:		
Due Within One Year	286,412	3,398,807
Due in More than One Year:		
Net Pension Liabilities	13,364,567	12,141,624
Net OPEB Liabilities	1,046,433	1,310,817
Other Amounts	435,758	469,127
Total Liabilities	15,805,719	18,263,395
Deferred Inflows of Resources		
Pensions	439,748	827,393
OPEB	1,529,172	1,215,941
Property Taxes not Levied to Finance Current Year Operations	3,151,769	2,950,033
Total Deferred Inflows of Resources	5,120,689	4,993,367
Net Position		
Net Investment in Capital Assets	19,976,536	16,096,303
Restricted	5,171,874	8,148,550
Unrestricted	(9,368,491)	(9,014,076)
Total Net Position	\$ 15,779,919	\$ 15,230,777

* Net position as of July 1, 2020 was restated due to implementation of GASB 84. However, the prior year statement of net position was not restated.

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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outflows related to pension and OPEB. 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 School District'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 School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the School District'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 net position of the School District as a whole increased \$526,445. The decrease to current and other assets was due primarily to decreases in equity in pooled cash and investments and cash and cash equivalents with escrow agents. Capital assets, net increased due to capital asset additions exceeding depreciation expenses and deletions in 2021. Deferred outflows of resources increased due primarily to pension activity. The net pension liability increased and the net OPEB liability decreased due to actuarial calculations by the retirement systems' actuaries. Deferred inflows of resources increased due to pension activity and OPEB activity as well as changes to property taxes not levied to finance current year operations.

Scioto County Career Technical Center
Management's Discussion and Analysis
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Table 2 shows the changes in net position for the fiscal years ended 2021 and 2020.

Table 2
Change in Net Position

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020 *</u>
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 2,664,167	\$ 2,472,009
Operating Grants and Contributions	4,640,973	1,969,964
Total Program Revenues	<u>7,305,140</u>	<u>4,441,973</u>
General Revenues		
Property Taxes	3,316,519	3,088,992
Grants and Entitlements not Restricted to Specific Programs	5,136,083	5,038,955
Investment Earnings	14,635	260,260
Gain on Sale of Capital Assets	-	17,420
Miscellaneous	196,933	97,308
Total General Revenues	<u>8,664,170</u>	<u>8,502,935</u>
Total Revenues	<u>15,969,310</u>	<u>12,944,908</u>
Program Expenses		
Instruction:		
Vocational	5,855,218	5,934,647
Adult/Continuing	1,806,105	1,699,616
Other	290,053	287,759
Support Services:		
Pupils	714,688	648,181
Instructional Staff	605,095	706,323
Board of Education	13,613	18,332
Administration	1,456,070	1,571,805
Fiscal	440,179	501,494
Operation and Maintenance of Plant	1,603,825	1,597,314
Pupil Transportation	9,079	10,014
Central	259,101	262,156
Operation of Non-Instructional Services	2,278,738	239,195
Extracurricular Activities	111,101	105,961
Total Expenses	<u>15,442,865</u>	<u>13,582,797</u>
Increase (Decrease) in Net Position	526,445	(637,889)
Net Position, Beginning of Year	15,253,474	15,868,666
Net Position, End of Year	<u>\$ 15,779,919</u>	<u>\$ 15,230,777</u>

* Net position as of July 1, 2020 restated due to implementation of GASB 84. Prior year revenues and expenses were not restated.

The increase in Charges for Services revenue is due mainly to an increase in tuition from 2020 to 2021. Operating grants and contributions increased due to the implementation of GASB 84 which added additional grant revenues from that reclassification. Expenses increased due partially to pension and OPEB activities as well as the GASB 84 reclassifications.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental Activities

Charges for services and sales comprised 17 percent of revenue for governmental activities, while operating grants and contributions comprised 29 percent of revenue for governmental activities of the School District for fiscal year 2021. Grants and entitlements not restricted for specific programs comprised 32 percent of revenue for governmental activities, while property taxes comprised 21 percent of revenue for governmental activities.

As indicated by governmental program expenses, instruction is emphasized. Vocational instruction comprised 38 percent of governmental program expenses. Adult/Continuing instruction, administration support services and operation of non-instructional services also comprise significant portions of total expenses, representing 12 percent, 9 percent, and 15 percent, respectively.

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

Table 3
 Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program Expenses				
Instruction:				
Vocational	\$ 5,855,218	\$ 4,520,942	\$ 5,934,647	\$ 4,870,591
Adult/Continuing	1,806,105	(158,170)	1,699,616	66,584
Other	290,053	180,873	287,759	199,008
Support Services:				
Pupils	714,688	241,107	648,181	375,791
Instructional Staff	605,095	519,027	706,323	591,483
Board of Education	13,613	12,525	18,332	17,346
Administration	1,456,070	745,385	1,571,805	860,633
Fiscal	440,179	406,322	501,494	474,521
Operation and Maintenance of Plant	1,603,825	1,173,462	1,597,314	1,351,819
Pupil Transportation	9,079	9,034	10,014	9,941
Central	259,101	188,512	262,156	210,059
Operation of Non-Instructional Services	2,278,738	254,565	239,195	12,788
Extracurricular Activities	111,101	44,141	105,961	100,260
Total	<u>\$ 15,442,865</u>	<u>\$ 8,137,725</u>	<u>\$ 13,582,797</u>	<u>\$ 9,140,824</u>

THE SCHOOL DISTRICT FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The General Fund had \$9,298,919 in revenues and \$8,812,225 in expenditures resulting in an increase in fund balance of \$486,694 which is primarily due to revenues exceeding expenditures.

The Permanent Improvement Fund had \$762,696 in revenues and \$1,535,570 in expenditures and other financing uses resulting in a decrease in fund balance of \$772,874. The decrease is due to the excess of expenditures and transfers out over revenues. The Adult Education Fund had \$3,053,027 in revenues and \$2,661,017 in expenditures resulting in an increase in fund balance of \$392,010.

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Management's Discussion and Analysis
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The Debt Service Fund had \$177,281 in revenues and other financing sources and expenditures of \$3,150,000 resulting in a decrease in fund balance of \$2,972,719. The decrease is due to the School District paying off their capital lease obligation during the fiscal year.

The Classroom Facilities Maintenance Fund had \$299,798 in other financing sources and expenditures of \$35,050 resulting in an increase in fund balance of \$264,748. The increase is due to a transfer in from the Permanent Improvement Fund.

General Fund Budgeting Highlights

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

During 2021, there were several revisions to the General Fund budget. In part, these revisions increased estimated resources by \$396,259 primarily for intergovernmental revenues. The revisions increased appropriations by \$75,641 which was driven mainly due to increases in vocational instruction. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The General Fund's ending unobligated cash balance was \$2,718,893.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the School District had \$19,976,536 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles. For additional information on capital assets, see Note 8 to the basic financial statements. Table 4 shows fiscal year 2021 balances compared to 2020.

Table 4
 Capital Assets
 (Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 33,852	\$ 33,852
Construction in Progress	-	18,535
Land Improvements	804,542	839,722
Buildings and Improvements	17,428,792	16,884,021
Furniture, Fixtures and Equipment	1,591,633	1,548,900
Vehicles	117,717	49,046
Totals	\$ 19,976,536	\$ 19,374,076

Changes in capital assets from the prior year primarily resulted from current year additions, which was partially offset by depreciation and deletions.

Debt

At June 30, 2021, the School District had paid off their capital lease obligation of \$3,150,000. For additional information on debt, see Note 13 to the basic financial statements.

Scioto County Career Technical Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

OTHER SIGNIFICANT INFORMATION

As described in Note 22, the United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brett Butler, Treasurer at Scioto County Career Technical Center, 951 Vern Riffe Drive, Lucasville, Ohio 45648.

Scioto County Career Technical Center
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 8,192,869
Accounts Receivable	292,049
Accrued Interest Receivable	9,918
Intergovernmental Receivable	205,731
Prepaid Items	5,912
Property Taxes Receivable	4,121,802
Restricted Assets:	
Net OPEB Asset	732,358
Nondepreciable Capital Assets	33,852
Depreciable Capital Assets, Net	19,942,684
	<u>33,537,175</u>
<i>Total Assets</i>	
Deferred Outflows of Resources	
Pensions:	
State Teachers Retirement System	2,233,019
School Employees Retirement System	487,523
OPEB:	
State Teachers Retirement System	171,279
School Employees Retirement System	277,331
	<u>3,169,152</u>
<i>Total Deferred Outflows of Resources</i>	
Liabilities	
Accounts Payable	78,752
Accrued Wages and Benefits Payable	511,100
Intergovernmental Payable	82,697
Non-Current Liabilities:	
Due Within One Year	286,412
Due in More Than One Year	
Net Pension Liability	13,364,567
Net OPEB Liability	1,046,433
Other Amounts Due in More Than One Year	435,758
	<u>15,805,719</u>
<i>Total Liabilities</i>	
Deferred Inflows of Resources	
Pensions:	
State Teachers Retirement System	292,493
School Employees Retirement System	147,255
OPEB:	
State Teachers Retirement System	873,927
School Employees Retirement System	655,245
Property Taxes not Levied to Finance Current Year Operations	3,151,769
	<u>5,120,689</u>
<i>Total Deferred Inflows of Resources</i>	
Net Position	
Net Investment in Capital Assets	19,976,536
Restricted for:	
Capital Projects	2,289,804
Other Purposes	2,882,070
Unrestricted	(9,368,491)
	<u>\$ 15,779,919</u>
<i>Total Net Position</i>	

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities				
Instruction:				
Vocational	\$ 5,855,218	\$ 409,066	\$ 925,210	\$ (4,520,942)
Adult/Continuing	1,806,105	1,196,259	768,016	158,170
Other	290,053	15,774	93,406	(180,873)
Support Services:				
Pupils	714,688	35,846	437,735	(241,107)
Instructional Staff	605,095	43,542	42,526	(519,027)
Board of Education	13,613	1,088	-	(12,525)
Administration	1,456,070	459,675	251,010	(745,385)
Fiscal	440,179	33,857	-	(406,322)
Operation and Maintenance of Plant	1,603,825	197,737	232,626	(1,173,462)
Pupil Transportation	9,079	45	-	(9,034)
Central	259,101	48,420	22,169	(188,512)
Operation of Non-Instructional Services	2,278,738	183,243	1,840,930	(254,565)
Extracurricular Activities	111,101	39,615	27,345	(44,141)
<i>Totals</i>	<u>\$ 15,442,865</u>	<u>\$ 2,664,167</u>	<u>\$ 4,640,973</u>	<u>(8,137,725)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				2,625,332
Permanent Improvements				691,187
Grants and Entitlements not Restricted to Specific Programs				5,136,083
Investment Earnings				14,635
Miscellaneous				196,933
<i>Total General Revenues</i>				<u>8,664,170</u>
<i>Change in Net Position</i>				526,445
<i>Net Position Beginning of Year - As Restated</i>				<u>15,253,474</u>
<i>Net Position End of Year</i>				<u>\$ 15,779,919</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Balance Sheet
Governmental Funds
June 30, 2021

	General	Permanent Improvement	Adult Education	Classroom Facilities Maintenance	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Investments	\$ 3,352,208	\$ 1,814,072	\$ 1,090,553	\$ 1,397,854	\$ 538,182	\$ 8,192,869
Receivables:						
Property Taxes	3,264,631	857,171	-	-	-	4,121,802
Accounts	26,524	-	265,525	-	-	292,049
Accrued Interest	9,918	-	-	-	-	9,918
Interfund	98,992	-	-	-	-	98,992
Prepaid Items	4,744	-	1,168	-	-	5,912
Intergovernmental	132,065	-	-	-	73,666	205,731
<i>Total Assets</i>	<u>\$ 6,889,082</u>	<u>\$ 2,671,243</u>	<u>\$ 1,357,246</u>	<u>\$ 1,397,854</u>	<u>\$ 611,848</u>	<u>\$ 12,927,273</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	\$ 34,770	\$ -	\$ 37,898	\$ -	\$ 6,084	\$ 78,752
Accrued Wages and Benefits Payable	482,959	-	19,229	-	8,912	511,100
Interfund Payable	-	-	-	-	98,992	98,992
Intergovernmental Payable	61,678	-	16,827	-	4,192	82,697
<i>Total Liabilities</i>	<u>579,407</u>	<u>-</u>	<u>73,954</u>	<u>-</u>	<u>118,180</u>	<u>771,541</u>
Deferred Inflows of Resources						
Property Taxes not Levied to Finance Current Year Operations	2,494,719	657,050	-	-	-	3,151,769
Unavailable Revenue - Tuition and Fees	-	-	113,269	-	-	113,269
Unavailable Revenue - Delinquent Taxes	645,440	165,823	-	-	-	811,263
Unavailable Revenue - Grants	-	-	-	-	21,761	21,761
<i>Total Deferred Inflows of Resources</i>	<u>3,140,159</u>	<u>822,873</u>	<u>113,269</u>	<u>-</u>	<u>21,761</u>	<u>4,098,062</u>
Fund Balances						
Nonspendable	14,188	-	1,168	-	-	15,356
Restricted	-	1,848,370	1,168,855	1,397,854	556,291	4,971,370
Assigned	731,492	-	-	-	-	731,492
Unassigned	2,423,836	-	-	-	(84,384)	2,339,452
<i>Total Fund Balances</i>	<u>3,169,516</u>	<u>1,848,370</u>	<u>1,170,023</u>	<u>1,397,854</u>	<u>471,907</u>	<u>8,057,670</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 6,889,082</u>	<u>\$ 2,671,243</u>	<u>\$ 1,357,246</u>	<u>\$ 1,397,854</u>	<u>\$ 611,848</u>	<u>\$ 12,927,273</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		\$ 8,057,670
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.		19,976,536
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.		
Taxes	811,263	
Charges for Services	113,269	
Intergovernmental	21,761	
Total	946,293	946,293
The net pension and net OPEB liabilities (assets) are not due and payable in the current period; therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	2,720,542	
Deferred outflows of resources related to OPEB	448,610	
Deferred inflows of resources related to pensions	(439,748)	
Deferred inflows of resources related to OPEB	(1,529,172)	
Net Pension Liability	(13,364,567)	
Net OPEB Asset	732,358	
Net OPEB Liability	(1,046,433)	(12,478,410)
Long-term liabilities, including capital lease obligations and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(722,170)	
Capital Lease Obligations	-	
Total	(722,170)	(722,170)
Net Position of Governmental Activities		\$ 15,779,919

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Adult Education	Debt Service	Classroom Facilities Maintenance	Other Governmental Funds	Total Governmental Funds
Revenues							
Taxes	\$ 2,607,748	\$ 687,586	\$ -	\$ -	\$ -	\$ -	\$ 3,295,334
Intergovernmental	5,745,235	72,191	1,200,557	-	-	2,760,889	9,778,872
Investment Earnings	11,065	-	-	2,446	-	1,124	14,635
Charges for Services	363,127	-	-	-	-	11,688	374,815
Tuition and Fees	356,971	-	1,840,603	-	-	-	2,197,574
Rent	44,250	-	-	-	-	-	44,250
Extracurricular Activities	-	-	-	-	-	32,904	32,904
Gifts and Donations	-	-	-	-	-	1,500	1,500
Miscellaneous	170,523	2,919	11,867	-	-	11,624	196,933
<i>Total Revenues</i>	<u>9,298,919</u>	<u>762,696</u>	<u>3,053,027</u>	<u>2,446</u>	<u>-</u>	<u>2,819,729</u>	<u>15,936,817</u>
Expenditures							
Current:							
Instruction:							
Vocational	4,669,979	-	-	-	-	242,069	4,912,048
Adult/Continuing	-	-	1,717,377	-	-	-	1,717,377
Other	190,030	-	-	-	-	92,718	282,748
Support Services:							
Pupils	277,115	-	10,187	-	-	450,038	737,340
Instructional Staff	514,771	-	8,833	-	-	52,781	576,385
Board of Education	13,494	-	-	-	-	-	13,494
Administration	821,659	-	536,704	-	-	-	1,358,363
Fiscal	412,059	16,498	-	-	-	-	428,557
Operation and Maintenance of Plant	1,314,272	-	134,421	-	28,607	135,639	1,612,939
Pupil Transportation	568	-	-	-	-	-	568
Central	211,070	-	43,549	-	-	1,800	256,419
Food Service Operations	1,179	-	-	-	-	-	1,179
Operation of Non-Instructional Services	309,772	-	209,946	-	-	1,743,537	2,263,255
Extracurricular Activities	76,257	-	-	-	-	27,144	103,401
Capital Outlay	-	1,044,439	-	-	6,443	13,531	1,064,413
Debt Service:							
Principal	-	-	-	3,150,000	-	-	3,150,000
<i>Total Expenditures</i>	<u>8,812,225</u>	<u>1,060,937</u>	<u>2,661,017</u>	<u>3,150,000</u>	<u>35,050</u>	<u>2,759,257</u>	<u>18,478,486</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>486,694</u>	<u>(298,241)</u>	<u>392,010</u>	<u>(3,147,554)</u>	<u>(35,050)</u>	<u>60,472</u>	<u>(2,541,669)</u>
Other Financing Sources (Uses)							
Transfers In	-	-	-	174,835	299,798	-	474,633
Transfers Out	-	(474,633)	-	-	-	-	(474,633)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(474,633)</u>	<u>-</u>	<u>174,835</u>	<u>299,798</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>486,694</u>	<u>(772,874)</u>	<u>392,010</u>	<u>(2,972,719)</u>	<u>264,748</u>	<u>60,472</u>	<u>(2,541,669)</u>
<i>Fund Balances Beginning of Year-As Restated</i>	<u>2,682,822</u>	<u>2,621,244</u>	<u>778,013</u>	<u>2,972,719</u>	<u>1,133,106</u>	<u>411,435</u>	<u>10,599,339</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,169,516</u>	<u>\$ 1,848,370</u>	<u>\$ 1,170,023</u>	<u>\$ -</u>	<u>\$ 1,397,854</u>	<u>\$ 471,907</u>	<u>\$ 8,057,670</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds		\$	(2,541,669)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.			
Capital Asset Additions			1,416,444
Current Year Depreciation			(812,594)
Total			603,850
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amounts of the loss from the disposal of capital assets.			
Loss on Disposal of Capital Assets			(1,390)
Total			(1,390)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Taxes			21,185
Charges for Services			14,624
Intergovernmental			(3,316)
Total			32,493
Repayments of capital leases obligations are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net assets and do not result in expenses in the statement of activities.			
			3,150,000
Contractually required contributions for pensions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.			
			974,611
Contractually required contributions for OPEB are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.			
			14,659
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.			
			(1,762,487)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense in the statement of activities.			
			60,614
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.			
Increase in Compensated Absences			(4,236)
Total			(4,236)
Net Change in Net Position of Governmental Activities		\$	526,445

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget: Positive
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Sources	\$ 8,840,861	\$ 9,237,120	\$ 9,237,120	\$ -
Total Expenditures and Other Uses	<u>9,072,954</u>	<u>9,148,595</u>	<u>9,148,595</u>	<u>-</u>
Net Change in Fund Balance	(232,093)	88,525	88,525	-
Fund Balance, July 1, 2020	2,527,180	2,527,180	2,527,180	-
Prior Year Encumbrances Appropriated	<u>103,188</u>	<u>103,188</u>	<u>103,188</u>	<u>-</u>
Fund Balance, June 30, 2021	<u>\$ 2,398,275</u>	<u>\$ 2,718,893</u>	<u>\$ 2,718,893</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget: Positive
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Sources	\$ 3,143,144	\$ 3,730,458	\$ 3,730,458	\$ -
Total Expenditures and Other Uses	<u>2,588,003</u>	<u>3,393,266</u>	<u>3,393,266</u>	<u>-</u>
Net Change in Fund Balance	555,141	337,192	337,192	-
Fund Balance, July 1, 2020	656,784	656,784	656,784	-
Prior Year Encumbrances Appropriated	<u>48,136</u>	<u>48,136</u>	<u>48,136</u>	<u>-</u>
Fund Balance, June 30, 2021	<u>\$ 1,260,061</u>	<u>\$ 1,042,112</u>	<u>\$ 1,042,112</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Scioto County Career Technical Center
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget: Positive
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Total Revenues and Other Sources	\$ 299,798	\$ 299,798	\$ 299,798	\$ -
Total Expenditures and Other Uses	<u>66,585</u>	<u>35,050</u>	<u>35,050</u>	<u>-</u>
Net Change in Fund Balance	233,213	264,748	264,748	-
Fund Balance, July 1, 2020	1,125,963	1,125,963	1,125,963	-
Prior Year Encumbrances Appropriated	<u>7,141</u>	<u>7,141</u>	<u>7,141</u>	<u>-</u>
Fund Balance, June 30, 2021	<u>\$ 1,366,317</u>	<u>\$ 1,397,852</u>	<u>\$ 1,397,852</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

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Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Scioto County Career Technical Center (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-appointed Board form of government consisting of three members appointed by the South Central Ohio Educational Service Center and two members appointed by the Portsmouth City School District. The five members are appointed for three year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1971 through the consolidation of existing land areas and school districts. The School District serves the entire Scioto County area. It is located in Lucasville, Ohio. It is staffed by 33 non-certificated full-time employees, and 68 certificated full-time teaching personnel who provide services to 495 students and other community members. The School District currently operates 3 instructional buildings and 1 garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Scioto County Career Technical Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Scioto County Career Technical Center, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with five organizations, of which two are defined as a jointly governed organizations and three as insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association (META), Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan, the Ohio School Plan, and the Optimal Health Initiatives Consortium. These organizations are presented in Notes 14 and 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

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

Permanent Improvement Fund

The Permanent Improvement Fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements. The main source of revenue for the Permanent Improvement Fund is property taxes.

Adult Education Fund

The Adult Education Fund is used to account for all revenues and expenditures related to the provision of credit and noncredit classes to the community. The main source of revenue for the Adult Education Fund is tuition and fees.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

Classroom Facilities Maintenance Fund

The Classroom Facilities Maintenance Fund accounts for financial resources restricted to the maintenance and upkeep of the Career Center facilities.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. The School District reclassified their agency funds to the General Fund and other governmental funds in accordance with GASB 84 and no longer is reporting fiduciary funds.

Basis of Presentation

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

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in 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, current liabilities and deferred inflows/outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension liabilities and net OPEB liabilities (assets), and the recording of net pension liabilities and net OPEB liabilities (assets).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Measurable means that the amount of the transaction can be determined and available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

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

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions and OPEB as of June 30, 2021. The deferred outflows of resources related to the pension and OPEB are explained in Note 10 and Note 11, respectively. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes, charges for services, and intergovernmental receivable which are not collected in the available period and pensions/OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, charges for services, and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and OPEB are only reported on the Statement of Net Position.

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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgetary Process

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

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021.

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

Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and Debt Service Funds were \$11,065 and \$2,446, respectively. Interest revenue for all other non-major governmental funds amounted to \$1,124.

During fiscal year 2021, the School District's investments were limited to Money Market Mutual Funds, negotiable Certificates of Deposit and Federal American Mortgage Company Bonds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as "Equity in Pooled Cash and Investments" on the financial statements. Investments with an initial maturity of more than three months are reported as investments.

Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives: Land Improvements - 5 years, Buildings and Improvements - 50 years, furniture, fixtures, and equipment (FF & E) - 8 to 20 years, and vehicles - 10 to 15 years.

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net position.

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 special termination benefits 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 in the current year. Loans and capital leases are recognized as a liability on the government-wide financial statements when due.

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred inflows and outflows related to the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants whose use is restricted by grant agreements.

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

Of the School District's \$5,171,874 in restricted net position, none is restricted by enabling legislation.

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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. Interfund transfers within governmental activities are eliminated in the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Pensions and Other Post-Employment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension 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.

NOTE 3 – ACCOUNTABILITY

As of June 30, 2021, the School District had deficit fund balances in the Miscellaneous State Grants, HEERF-Students, Vocational Education, and Miscellaneous Federal Grants non-major special revenue funds in the amounts of \$75,684, \$812, \$7,168, and \$720, respectively. The deficits were created by the application of accounting principles generally accepted in the United States of America. 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 School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budgetary Basis) presented for the General Fund, Classroom Facilities Maintenance Fund, and Adult Education Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund, the Adult Education Fund, and the Classroom Facilities Maintenance Fund:

	Net Change in Fund Balance		
	<u>General</u>	<u>Adult Education</u>	<u>Classroom Facilities Maintenance</u>
GAAP Basis	\$ 486,694	\$ 392,010	\$ 264,748
Revenue Accruals	(28,052)	677,431	-
Expenditure Accruals	(216,446)	(683,799)	-
Perspective Difference:			
Activity of Funds Reclassified for GAAP Reporting Purposes	823	-	-
Encumbrances	<u>(154,494)</u>	<u>(48,450)</u>	<u>-</u>
Budget Basis	<u>\$ 88,525</u>	<u>\$ 337,192</u>	<u>\$ 264,748</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either 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 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 monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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.

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

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,094,453 of the School District's bank balance of \$6,344,453 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments As of 2021, the School District had the following investments:

	Carrying/Fair Value	Investment Maturities (in years)		
		Less than 1	1-3 Years	3-5
Negotiable Certificates of Deposit	\$ 2,122,152	\$ 465,289	\$ 1,527,355	\$ 129,508
Total Fair Value	<u>\$ 2,122,152</u>	<u>\$ 465,289</u>	<u>\$ 1,527,355</u>	<u>\$ 129,508</u>

The School District 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 table identifies the School District's recurring fair value measurements as of June 30, 2021. All investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to repurchase agreements, money market accounts, and U.S. Government Agency securities/instrumentalities. The School District's investments in individual marketable certificates of deposit are fully insured by the Federal Deposit Insurance Corporation.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 100% in Negotiable Certificates of Deposit.

Custodial credit risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility located in the School District. 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 law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 6 - PROPERTY TAXES (continued)

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real property taxes received in calendar year 2021 became a lien on December 31, 2018, were levied after April 1, 2020, and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2021, was \$124,472 in the General Fund and \$34,298 in the Permanent Improvement Fund.

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

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,020,523,450	86.37%	\$ 1,020,589,520	86.37%
Public Utility	160,991,230	13.63%	160,991,230	13.63%
Total Assessed Value	\$ 1,181,514,680	100.00%	\$ 1,181,580,750	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 5.37		\$ 5.37	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, accrued interest, interfund, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

<i>Major Fund:</i>	
General	\$ 132,065
<i>Non-Major Fund:</i>	
Career Development	21,761
Vocational Education	27,712
Food Service	24,193
Total	\$ 205,731

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 8 – CAPITAL ASSETS

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

	6/30/2020			6/30/2021
	Balance	Additions	Deletions	Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 33,852	\$ -	\$ -	\$ 33,852
Construction in Progress	18,535	-	(18,535)	-
Total Capital Assets, Not Being Depreciated	<u>52,387</u>	-	<u>(18,535)</u>	<u>33,852</u>
Capital Assets Being Depreciated				
Land Improvements	1,416,004	38,711	-	1,454,715
Buildings & Improvements	24,940,642	1,074,840	-	26,015,482
Furniture, Fixtures and Equipment	3,720,734	238,976	(50,656)	3,909,054
Vehicles	168,244	82,452	-	250,696
Total Capital Assets Being Depreciated	<u>30,245,624</u>	<u>1,434,979</u>	<u>(50,656)</u>	<u>31,629,947</u>
Less: Accumulated Depreciation				
Land Improvements	(576,282)	(73,891)	-	(650,173)
Buildings & Improvements	(8,056,621)	(530,069)	-	(8,586,690)
Furniture, Fixtures and Equipment	(2,171,834)	(194,853)	49,266	(2,317,421)
Vehicles	(119,198)	(13,781)	-	(132,979)
Total Accumulated Depreciation	<u>(10,923,935)</u>	<u>(812,594)</u>	<u>49,266</u>	<u>(11,687,263)</u>
Total Capital Assets Being Depreciated, Net	<u>19,321,689</u>	<u>622,385</u>	<u>(1,390)</u>	<u>19,942,684</u>
Governmental Capital Assets, Net	<u>\$ 19,374,076</u>	<u>\$ 622,385</u>	<u>\$ (19,925)</u>	<u>\$ 19,976,536</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$ 744,926
Adult/Continuing	2,726
Support Services:	
Pupils	3,035
Instructional Staff	18,179
Administration	1,882
Fiscal	135
Operation and Maintenance of Plant	23,415
Pupil Transportation	8,511
Operation of Non-Instructional Services	9,785
Total Depreciation Expense	<u>\$ 812,594</u>

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District joined together with other school districts and educational service centers in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district or educational service center enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 14).

Insurance coverage provided includes the following:

Property - including inland marine, miscellaneous equipment, and automobile physical damage catastrophic coverage	\$42,981,465
Automobile liability	3,000,000
Uninsured Motorists	1,000,000
General Liability:	
Per occurrence	3,000,000
Annual Aggregate	5,000,000

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

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan (the Plan), an insurance purchasing pool (Note 14). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Plan.

A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling fund" arrangement ensures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (Note 14), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
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NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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 year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2021.

The School District's contractually required contribution to SERS was \$258,844 for fiscal year 2021. Of this amount \$3,371 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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 DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 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% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$715,767 for fiscal year 2021. Of this amount \$59,241 is reported as an intergovernmental payable.

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability - Current Year	0.0496172%	0.04167051%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.0536771%</u>	<u>0.04038106%</u>	
Change in Proportionate Share Proportion of the Net Pension Liability	<u>-0.0040599%</u>	<u>0.00128945%</u>	
Pension Expense (Gain)	\$3,281,786	\$10,082,781	\$13,364,567
	\$350,742	\$1,411,745	\$1,762,487

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

Deferred Outflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$6,372	\$22,623	\$28,995
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	13,981	463,051	477,032
Changes of assumptions	0	541,251	541,251
Differences between projected and actual investment earnings	208,326	490,327	698,653
School District contributions subsequent to the measurement date	<u>258,844</u>	<u>715,767</u>	<u>974,611</u>
Total	<u>\$487,523</u>	<u>\$2,233,019</u>	<u>\$2,720,542</u>
Deferred Inflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$0	\$64,472	\$64,472
differences between School District contributions and proportionate share of contributions	<u>147,255</u>	<u>228,021</u>	<u>375,276</u>
Total	<u>\$147,255</u>	<u>\$292,493</u>	<u>\$439,748</u>

\$974,611 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$78,859)	\$467,937	\$389,078
2023	8,224	227,070	235,294
2024	86,835	254,181	341,016
2025	65,224	275,571	340,795
Total	\$81,424	\$1,224,759	\$1,306,183

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:

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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 the 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 rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	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 Estate	17.00	6.60
Multi-Asset Strategy	5.00	6.65
Total	<u>100.00 %</u>	

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

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$4,495,646	\$3,281,786	\$2,263,334

Assumptions and Benefit Changes Since the Prior Measurement Date – There were no changes in assumptions or benefits since the prior measurement date.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Payroll Increases	3.0%
Investment Rate of Return	7.45 percent, net of investment expenses
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0%

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

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

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

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45% 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 the rates described previously. 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 Ohio’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 pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$14,356,124	\$10,082,781	\$6,461,478

Assumptions and Benefit Changes Since the Prior Measurement Date - There were no changes in assumptions or benefit terms since the prior measurement date.

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, no members of the Board of Education have elected Social Security. The Board’s liability is 6.2 percent of wages paid.

NOTE 11 – DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

School Employees Retirement System

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

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

School Employees Retirement System (continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$14,659.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2021. The School District's contractually required contribution to SERS was \$14,659 for fiscal year 2021. Of this amount, \$14,659 is reported as an intergovernmental payable.

State Teachers Retirement System of Ohio

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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB (asset) liability was measured as of June 30, 2020, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB (asset) liability was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion Share of the Net OPEB Liability (Asset) - Current Year	0.04814890%	0.04167051%	
Proportion Share of the Net OPEB Liability (Asset) - Prior Year	0.05212430%	0.04038106%	
Change in Proportionate Share	<u>-0.00397540%</u>	<u>0.00128945%</u>	
Proportionate Share of the Net OPEB Liability	\$1,046,433	\$0	\$1,046,433
Proportionate Share of the Net OPEB Asset	\$0	(\$732,358)	(\$732,358)
OPEB Expense (Gain)	(\$34,363)	(\$26,251)	(\$60,614)

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

Deferred Outflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$13,744	\$46,926	\$60,670
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	58,756	86,597	145,353
Changes of assumptions	178,381	12,089	190,470
Differences between projected and actual investment earnings	11,791	25,667	37,458
School District contributions subsequent to the measurement date	14,659	-	14,659
Total	<u>\$277,331</u>	<u>\$171,279</u>	<u>\$448,610</u>
Deferred Inflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$532,184	\$145,875	\$678,059
Changes of assumptions	26,357	695,618	721,975
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	96,704	32,434	129,138
Total	<u>\$655,245</u>	<u>\$873,927</u>	<u>\$1,529,172</u>

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (continued)

\$14,659 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$73,156)	(\$171,822)	(\$244,978)
2023	(72,303)	(154,450)	(226,753)
2024	(72,442)	(148,356)	(220,798)
2025	(78,003)	(153,341)	(231,344)
2026	(68,918)	(39,590)	(108,508)
Thereafter	(27,751)	(35,089)	(62,840)
Total	(\$392,573)	(\$702,648)	(\$1,095,221)

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 are presented below:

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – DEFINED BENEFIT OPEB PLANS (Continued)

Actuarial Assumptions – SERS (continued)

Valuation Date	June 30, 2020
Actuarial Assumptions Experience Study Date	5 year period ended June 30, 2015
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation
Price Inflation	3.00%
Salary increases, including price inflation	3.50% - 18.20%
Municipal Bond Index Rate	
Prior Measurement Date	3.13%
Measurement Date	2.45%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Prior Measurement Date	3.22%
Measurement Date	2.63%
Medical Trend Assumption	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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

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

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

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

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability at June 30, 2019 was 3.22%. 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 2.0% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 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%, 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%).

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$1,280,808	\$1,046,433	\$860,105

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower and higher than the current rate.

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB liability	\$823,987	\$1,046,433	\$1,343,901

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

Assumptions and Benefit Changes Since the Prior Measurement Date - The following changes in key methods and assumptions as presented below:

(1) Discount Rate:		
Prior Measurement Date		3.22%
Measurement Date		2.63%
(2) Municipal Bond Index Rate:		
Prior Measurement Date		3.13%
Measurement Date		2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Prior Measurement Date		3.22%
Measurement Date		2.63%

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:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45%	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	-6.69%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

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

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

Experience Studies — 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.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

Asset Class	Target Allocation	Long-Term Expected 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% and does not include investment expenses. Over a 30-year period, STRS Ohio’s 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 OPEB liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB (asset) liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table represents the net OPEB liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB (asset) liability 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.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

	1% Decrease in Discount Rate (6.45%)	Current Discount Rate (7.45%)	1% Increase in Discount Rate (8.45%)
School District's proportionate share of the net OPEB (asset) liability	(\$637,200)	(\$732,358)	(\$813,097)

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset) liability	(\$808,086)	(\$732,358)	(\$640,112)

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 60 days for classified employees and 60 days for certified employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Metropolitan Education Council.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 06/30/2020	Additions	Deductions	Principal Outstanding 06/30/2021	Due in One Year
Capital Leases	\$ 3,150,000	\$ -	\$ 3,150,000	\$ -	\$ -
Net Pension Liability:					
STRS	8,930,029	1,152,752	-	10,082,781	-
SERS	3,211,595	70,191	-	3,281,786	-
Total Net Pension Liability	<u>12,141,624</u>	<u>1,222,943</u>	<u>-</u>	<u>13,364,567</u>	<u>-</u>
Net OPEB Liability:					
STRS	-	-	-	-	*
SERS	1,310,817	-	264,384	1,046,433	-
Total Net OPEB Liability	<u>1,310,817</u>	<u>-</u>	<u>264,384</u>	<u>1,046,433</u>	<u>-</u>
Compensated Absences	<u>717,934</u>	<u>860,148</u>	<u>855,912</u>	<u>\$ 722,170</u>	<u>286,412</u>
Total General Long-Term Obligations	<u>\$ 17,320,375</u>	<u>\$ 2,083,091</u>	<u>\$ 4,270,296</u>	<u>\$ 15,133,170</u>	<u>\$ 286,412</u>

* OPEB for STRS has a Net OPEB asset in the amount of \$732,358 as of June 30, 2021.

The School District's voted legal debt margin was \$106,342,268 with an unvoted debt margin of \$1,181,581 at June 30, 2021.

Capital lease was paid from the Debt Service Fund. Compensated absences are being paid from the fund from which the employees' salaries are paid, with the General Fund and Adult Education Fund being the most significant funds. The School District pays obligations related to employee compensation from the fund benefiting from their service.

NOTE 14 - INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Plan - The School District participates in a group rating plan for workers' compensation as established under section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (WCGRP) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

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

Scioto County Career Technical Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 14 - INSURANCE PURCHASING POOLS (continued)

Ohio School Plan -The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Optimal Health Initiatives Consortium – The School District is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economics of scale to create cost-savings. The Consortium's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$61,287 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools – The Coalition of Rural and Appalachian Schools is a jointly organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. the Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 16 - CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

B. Litigation

The School District is not party to legal proceedings as of June 30, 2021.

C. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School District and does not anticipate any further FTE adjustments for FY2021.

NOTE 17 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2006, the School District issued \$3,150,000 in Qualified Zone Academy Bonds (QZAB) to be used for acquiring equipment and making improvements to school buildings. The terms of these QZAB are structured as a non-certificated lease-purchase agreement. The terms for repayment of the lease-purchase agreement call for the School District to make annual deposits to a sinking fund held in the School District's name. The School District made a final lease payment of \$3,150,000 in fiscal year 2021.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 18 - STATUTORY RESERVES

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

The following information describes the changes in the year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Maintenance Reserve
Cash Balance July 1, 2020	\$0
Current Year Set-Aside Requirement	112,951
Current Year Qualifying Expenditures	(112,951)
Total	\$0
Set Aside Reserve Cash Balance as of June 30, 2021	\$0

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserve. The carryover amount in the Capital Acquisition Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$2,859,374 at June 30, 2021.

NOTE 19 - INTERFUND ACTIVITY

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund Transfers	Transfer From:	Transfer To:
Major Funds:		
Debt Service	\$ -	\$ 174,835
Permanent Improvement	474,633	-
Classroom Facilities Maintenance	-	299,798
Total	\$ 474,633	\$ 474,633

During the year, the Permanent Improvement Fund transferred tax levy proceeds to meet debt service requirements. The Permanent Improvement Fund also transferred funds to the Classroom Facilities Maintenance in order to meet operation expenditures.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 19 - INTERFUND ACTIVITY (continued)

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Major Fund:		
General	\$ 98,992	\$ -
Non-major Funds:		
Miscellaneous State Grants	-	75,684
Vocational Education	-	23,308
Total Non-major Funds	-	98,992
Total	<u>\$ 98,992</u>	<u>\$ 98,992</u>

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

NOTE 20 – FUND BALANCES

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

<u>Fund Balances</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Adult Education</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable						
Prepaid Items	\$ 4,744	\$ -	\$ 1,168	\$ -	\$ -	\$ 5,912
Unclaimed Funds	9,444	-	-	-	-	9,444
Total Nonspendable	14,188	-	1,168	-	-	15,356
Restricted for						
Other Purposes	-	-	-	-	280,680	280,680
Adult Education	-	-	1,168,855	-	-	1,168,855
Classroom Facilities Maintenance	-	-	-	1,397,854	-	1,397,854
Capital Improvements	-	1,848,370	-	-	275,611	2,123,981
Total Restricted	-	1,848,370	1,168,855	1,397,854	556,291	4,971,370
Assigned to						
Other Purposes	731,492	-	-	-	-	731,492
Total Assigned	731,492	-	-	-	-	731,492
Unassigned (Deficit)	2,423,836	-	-	-	(84,384)	2,339,452
Total Fund Balances	<u>\$ 3,169,516</u>	<u>\$ 1,848,370</u>	<u>\$ 1,170,023</u>	<u>\$ 1,397,854</u>	<u>\$ 471,907</u>	<u>\$ 8,057,670</u>

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 21 – NEW ACCOUNTING PRINCIPLES/RESTATEMENT OF NET POSITION/FUND BALANCES

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

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

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2020:

	<u>Governmental Activities</u>
Net Position, June 30, 2020	\$15,230,777
Adjustments:	
GASB 84	<u>22,697</u>
Restated Net Position, June 30, 2020	<u>\$15,253,474</u>

The implementation of GASB Statement No. 84 as well as the reclassification of the Classroom Facilities Fund as a major fund had the following effects on fund balances as of June 30, 2020:

	Governmental Funds			
	Classroom Facilities		All Other Governmental Funds	Total Governmental Funds
	General Fund	Maintenance Fund		
Fund Balances, June 30, 2020	\$2,706,521	\$-	\$1,498,145	\$10,576,642
Adjustments:				
Major Fund Reclassification	-	1,133,106	(1,133,106)	-
GASB 84	<u>(23,699)</u>	<u>-</u>	<u>46,396</u>	<u>22,697</u>
Restated Fund Balances, June 30, 2020	<u>\$2,682,822</u>	<u>\$1,133,106</u>	<u>\$ 411,435</u>	<u>\$10,599,399</u>

The Permanent Improvement, Adult Education and Debt Service major funds had no changes in beginning fund balance and are not shown in the above restatements. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. As of June 30, 2020, agency funds reported assets and liabilities of \$109,930, but due to the reclassification of agency funds to the General Fund and to all other governmental funds, there are no balances to report as there no longer are any reported Fiduciary Funds.

Scioto County Career Technical Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 22 – OTHER MATTERS OF POTENTIAL SIGNIFICANCE

The United States and the State of Ohio declared a state of emergency in March 2020 due to the global Coronavirus Disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The School District's investments of the pension and other employee benefit plans in which the School District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments 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.

Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020, and / or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 23 – SUBSEQUENT EVENTS

For fiscal year 2022, the School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$157,366 in tuition and fees from the resident school district which will be direct funded to the School District in fiscal year 2022. This new funding system calculates a unique base cost for each School District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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Scioto County Career Technical Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Eight Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total plan pension liability	\$ 21,033,809,319	\$ 20,527,251,448	\$ 19,997,700,966	\$ 19,588,417,687	\$ 19,770,708,121	\$ 18,503,280,961	\$ 17,881,827,171	\$ 17,247,161,078
Plan net position	14,419,598,627	14,544,076,104	14,270,515,748	13,613,638,590	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net pension liability	6,614,210,692	5,983,175,344	5,727,185,218	5,974,779,097	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.0496172%	0.0536771%	0.0524413%	0.0486874%	0.0494022%	0.0452885%	0.0421690%	0.0421690%
School District's proportionate share of the net pension liability	\$ 3,281,786	\$ 3,211,595	\$ 3,003,410	\$ 2,908,965	\$ 3,615,785	\$ 2,584,206	\$ 2,134,149	\$ 2,507,655
School District's covered payroll	\$ 1,739,471	\$ 1,841,459	\$ 1,688,948	\$ 1,630,221	\$ 1,534,250	\$ 1,363,376	\$ 1,225,339	\$ 1,025,036
School District's proportionate share of the net pension liability as a percentage of its covered payroll	188.67%	174.40%	177.83%	178.44%	235.67%	189.54%	174.17%	244.64%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information

Scioto County Career Technical Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Eight Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total plan pension liability	\$ 98,672,288,072	\$ 97,840,944,397	\$ 96,904,056,552	\$ 96,126,440,462	\$ 100,756,422,489	\$ 99,014,653,744	\$ 96,167,057,104	\$ 94,366,693,720
Plan net position	<u>74,475,846,279</u>	<u>75,726,545,352</u>	<u>74,916,301,830</u>	<u>72,371,226,119</u>	<u>67,283,408,184</u>	<u>71,377,578,736</u>	<u>71,843,596,331</u>	<u>65,392,746,348</u>
Net pension liability	24,196,441,793	22,114,399,045	21,987,754,722	23,755,214,343	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.04167051%	0.04038106%	0.04237490%	0.03991075%	0.03876523%	0.03829453%	0.03712252%	0.03712252%
School District's proportionate share of the net pension liability	\$ 10,082,781	\$ 8,930,029	\$ 9,317,289	\$ 9,480,884	\$ 12,975,891	\$ 10,583,488	\$ 9,029,482	\$ 10,755,859
School District's covered payroll	\$ 5,028,979	\$ 4,740,893	\$ 4,817,314	\$ 4,387,700	\$ 4,078,850	\$ 3,995,393	\$ 3,793,008	\$ 3,970,123
School District's proportionate share of the net pension liability as a percentage of its covered payroll	200.49%	188.36%	193.41%	216.08%	318.13%	264.89%	238.06%	270.92%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information

Scioto County Career Technical Center
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 258,844	\$ 243,526	\$ 248,597	\$ 228,008	\$ 228,231	\$ 214,795	\$ 179,693	\$ 169,832	\$ 141,865	\$ 67,371
Contributions in relation to the contractually required contribution	<u>(258,844)</u>	<u>(243,526)</u>	<u>(248,597)</u>	<u>(228,008)</u>	<u>(228,231)</u>	<u>(214,795)</u>	<u>(179,693)</u>	<u>(169,832)</u>	<u>(141,865)</u>	<u>(67,371)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
School District's covered payroll	\$ 1,848,886	\$ 1,739,471	\$ 1,841,459	\$ 1,688,948	\$ 1,630,221	\$ 1,534,250	\$ 1,363,376	\$ 1,225,339	\$ 1,025,036	\$ 500,900
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information

Scioto County Career Technical Center
Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 715,767	\$ 704,057	\$ 663,725	\$ 674,424	\$ 614,278	\$ 571,039	\$ 559,355	\$ 493,091	\$ 516,116	\$ 524,211
Contributions in relation to the contractually required contribution	<u>(715,767)</u>	<u>(704,057)</u>	<u>(663,725)</u>	<u>(674,424)</u>	<u>(614,278)</u>	<u>(571,039)</u>	<u>(559,355)</u>	<u>(493,091)</u>	<u>(516,116)</u>	<u>(524,211)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
School District covered payroll	\$ 5,112,621	\$ 5,028,979	\$ 4,740,893	\$ 4,817,314	\$ 4,387,700	\$ 4,078,850	\$ 3,995,393	\$ 3,793,008	\$ 3,970,123	\$ 4,032,392
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

Scioto County Career Technical Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Five Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB liability	\$ 2,655,938,750	\$ 2,978,600,373	\$ 3,209,899,769	\$ 3,065,846,821	\$ 3,220,574,434
Plan net position	482,611,478	463,810,679	435,629,637	382,109,560	370,204,515
Net OPEB liability	2,173,327,272	2,514,789,694	2,774,270,132	2,683,737,261	2,850,369,919
School District's proportion of the net OPEB liability	0.0481489%	0.0521243%	0.0510931%	0.0486240%	0.0497155%
School District's proportionate share of the net OPEB liability	\$ 1,046,433	\$ 1,310,817	\$ 1,417,461	\$ 1,304,940	\$ 1,417,076
School District's covered payroll	\$ 1,739,471	\$ 1,841,459	\$ 1,688,948	\$ 1,630,221	\$ 1,534,250
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.16%	71.18%	83.93%	80.05%	92.36%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See notes to the required supplementary information

Scioto County Career Technical Center
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Assets)
State Teachers Retirement System of Ohio
Last Five Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total plan OPEB liability	\$ 2,139,798,000	\$ 2,215,918,000	\$ 2,114,451,000	\$ 7,377,410,000	\$ 8,533,654,000
Plan net position	<u>3,897,296,000</u>	<u>3,872,158,000</u>	<u>3,721,349,000</u>	<u>3,475,779,000</u>	<u>3,185,628,000</u>
Net OPEB liability (asset)	(1,757,498,000)	(1,656,240,000)	(1,606,898,000)	3,901,631,000	5,348,026,000
School District's proportion of the net OPEB liability (asset)	0.04167051%	0.04038106%	0.04237490%	0.03991075%	0.03876523%
School District's proportionate share of the net OPEB liability (asset)	\$ (732,358)	\$ (668,807)	\$ (680,921)	\$ 1,557,170	\$ 2,073,175
School District's covered payroll	\$ 5,028,979	\$ 4,740,893	\$ 4,817,314	\$ 4,387,700	\$ 4,078,850
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.56%	-14.11%	-14.13%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See notes to the required supplementary information.

Scioto County Career Technical Center
Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio
Last Six Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 14,659	\$ 12,458	\$ 26,272	\$ 29,497	\$ 22,882	\$ 23,662
Contributions in relation to the contractually required contribution	<u>(14,659)</u>	<u>(12,458)</u>	<u>(26,272)</u>	<u>(29,497)</u>	<u>(22,882)</u>	<u>(23,662)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
School District's covered payroll	\$ 1,848,886	\$ 1,739,471	\$ 1,841,459	\$ 1,688,948	\$ 1,630,221	\$ 1,534,250
Contributions as a percentage of covered payroll	0.79%	0.72%	1.43%	1.75%	1.40%	1.54%

(1) Information prior to 2016 is not available.

See notes to the required supplementary information.

Scioto County Career Technical Center
Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio
Last Six Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>					
School District covered payroll	\$ 5,112,621	\$ 5,028,979	\$ 4,740,893	\$ 4,817,314	\$ 4,387,700	\$ 4,078,850
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See notes to the required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

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

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

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

Changes in assumptions

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

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

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

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

Changes in assumptions

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Scioto County Career Technical Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Pension (continued)

State Teachers Retirement System (STRS) (continued)

Changes in assumptions (continued)

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

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

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

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.22% to 2.63%
- (2) Municipal Bond Index Rate:
 Prior Measurement Date 3.13%
 Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation
 Prior Measurement Date 3.22%
 Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.70% to 3.22%
- (2) Municipal Bond Index Rate
 Prior Measurement Date 3.62%
 Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation
 Prior Measurement Date 3.70%
 Measurement Date 3.22%

Scioto County Career Technical Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

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

- (1) The discount rate was changed from 3.63% to 3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

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

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

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

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

State Teachers Retirement System (STRS)

Changes in benefit terms

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Scioto County Career Technical Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

State Teachers Retirement System (STRS) (continued)

Changes in benefit terms (continued)

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

Changes in assumptions

2020-2021: There were no changes in assumptions since the prior measurement date of June 30, 2018.

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

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

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

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Grant Year	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2020-2021	\$ 0	\$ 16,761
Cash Assistance:				
School Breakfast Program	10.553	2020-2021	0	87,331
School Breakfast Program - COVID 19		2020-2021	0	14,398
National School Lunch Program	10.555	2020-2021	0	119,153
National School Lunch Program - COVID 19		2020-2021	0	21,996
Total Child Nutrition Cluster			0	259,639
Total U.S. Department of Agriculture			0	259,639
U.S. DEPARTMENT OF EDUCATION				
<i>Direct from Federal Government:</i>				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	2020	0	99,597
Federal Pell Grant Program		2021	0	546,435
Federal Direct Student Loans	84.268	2020	0	187,075
Federal Direct Student Loans		2021	0	544,650
Total Student Financial Assistance Cluster			0	1,377,757
Education Stabilization Fund:				
Higher Education Emergency Relief Fund- Institutional Portion - COVID 19	84.425F	2021	0	209,946
Higher Education Emergency Relief Fund- Student Portion - COVID 19	84.425E	2021	0	345,350
Total Education Stabilization Fund			0	555,296
Rural Education	84.358A	2021	0	61,822
<i>Passed Through Ohio Department of Education</i>				
Career and Technical Education - Basic Grants to States	84.048	2021	52,760	465,357
Total U.S. Department of Education			52,760	2,460,232
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education</i>				
Coronavirus Relief Fund	21.019	2021	0	29,251
<i>Passed Through Ohio Department of Higher Education</i>				
Coronavirus Relief Fund	21.019	2020	0	37,400
Total U.S. Department of Treasury			0	66,651
Total Expenditures of Federal Awards			\$ 52,760	\$ 2,786,522

The accompanying notes are an integral part of this schedule.

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

**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 Scioto County Career Technical Center (the School District's) 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

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

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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

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

Scioto County Career Technical Center
Scioto County
951 Vern Riffe Drive
Lucasville, Ohio 45648

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 Scioto County Career Technical Center, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 20, 2022 wherein we noted the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
May 20, 2022



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

Scioto County Career Technical Center
Scioto County
951 Vern Riffe Drive
Lucasville, Ohio 45648

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Scioto County Career Technical Center's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Scioto County Career Technical Center's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District'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 School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, Scioto County Career Technical Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The School District'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 School District'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 School District'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
May 20, 2022

**SCIOTO COUNTY CAREER TECHNICAL CENTER
SCIOTO COUNTY**

**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):	Student Financial Aid Cluster: Federal Pell Grant Program - Federal AL # 84.063 and Federal Direct Student Loans - Federal AL #84.268
(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



SCIOTO COUNTY CAREER TECHNICAL CENTER

SCIOTO 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 6/14/2022

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

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