OHIO AUDITOR OF STATE
KEITH FABER

TRI-COUNTY CAREER CENTER
ATHENS COUNTY
JUNE 30, 2022

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ATHENS COUNTY
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (Career Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Career Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Career Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Career Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of the Career Center's Proportionate Share of Net Pension and Other Post-Employment Benefit Liabilities and pension and other post-employment benefit Schedules of Career Center Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Career Center's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Career Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

January 31, 2023

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The discussion and analysis of the Tri-County Career Center's (the "Career Center") financial performance provides an overview and analysis of the Career Center's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Career Center's financial performance.

Financial Highlights

- Total assets and deferred outflows of resources of the Career Center exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $6,714,763. This balance was comprised of $3,981,266 in net investment in capital assets, $1,087,199 in net position restricted for specific purposes, and $1,646,298 in unrestricted net position.

- In total, net position of governmental activities increased by $2,485,583, which represents a 64.54 percent increase from 2021. Net position of the business-type activities increased $146,028, which represents a 62.82 percent increase from 2021.

- General revenues accounted for $9,950,968 or 90.79 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $1,009,912 or 9.21 percent of total revenues of $10,960,880 for the governmental activities.

- The Career Center had $8,450,297 in expenses related to governmental activities; only $1,009,912 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of $9,950,968 were used to provide for the remainder of these programs.

- The Career Center had $359,913 in expenses related to business-type activities; $456,703 of these expenses were offset by program specific charges for services and sales, grants and contributions. Miscellaneous revenue and transfers-in were also used to provide for these programs

- The Career Center recognizes two major governmental funds: the General Fund and Permanent Improvement Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Career Center combined. The General Fund had $10,432,651 in revenues and $8,013,672 in expenditures in fiscal year 2022.

- The Career Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Career Center combined. The Adult Education Fund had $162,378 in operating revenues and $295,661 in operating expenses in fiscal year 2022.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Career Center's basic financial statements. The Career Center's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

Reporting the Career Center as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Career Center's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the Career Center's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the Career Center as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Career Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the Career Center's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the Career Center's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the Career Center's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Career Center's uniform school supplies, rotary and adult education operations are reported as business-type activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Career Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Career Center can be divided into one of two categories: governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. 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.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the Career Center as a whole.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Career Center as a whole, showing assets, liabilities and deferred inflows of resources and the difference between them (net position). Table 1 provides a summary of the Career Center's net position for 2022 compared to fiscal year 2021:

Table 1
Net Position at Year End

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and Other Assets	$ 16,248,013	$ 14,926,234	$ 757,111	$ 718,080	$ 17,005,124	$ 15,644,314
Net OPEB Asset	635,800	521,405	16,838	13,863	652,638	535,268
Capital Assets, Net	3,945,360	3,373,353	61,207	58,040	4,006,567	3,431,393
Total Assets	20,829,173	18,820,992	835,156	789,983	21,664,329	19,610,975
Deferred Outflows of Resources:						
Pension	2,140,330	1,856,168	62,992	71,540	2,203,322	1,927,708
OPEB	222,468	247,614	13,467	20,668	235,935	268,282
Total Deferred Outflows of Resources	2,362,798	2,103,782	76,459	92,208	2,439,257	2,195,990
Liabilities:						
Current and Other Liabilities	1,049,047	938,609	21,540	21,236	1,070,587	959,845
Long-Term Liabilities:						
Due Within One Year	85,957	99,805	2,153	9,905	88,110	109,710
Due in More than One Year:						
Net Pension Liability	4,911,816	9,411,811	179,657	413,636	5,091,473	9,825,447
Net OPEB Liability	602,865	679,635	44,264	67,792	647,129	747,427
Other Amounts	322,819	338,631	4,984	10,929	327,803	349,560
Total Liabilities	6,972,504	11,468,491	252,598	523,498	7,225,102	11,991,989
Deferred Inflows of Resources:						
Property Taxes	4,770,118	4,523,582	0	0	4,770,118	4,523,582
Pension	4,033,488	105,902	197,539	51,919	4,231,027	157,821
OPEB	1,079,568	976,089	83,008	74,332	1,162,576	1,050,421
Total Deferred Inflows of Resources	9,883,174	5,605,573	280,547	126,251	10,163,721	5,731,824
Net Position:						
Net Investment in Capital Assets	3,920,059	3,373,353	61,207	58,040	3,981,266	3,431,393
Restricted	1,087,199	1,180,522	0	0	1,087,199	1,180,522
Unrestricted	1,329,035	(703,165)	317,263	174,402	1,646,298	(528,763)
Total Net Position	$6,336,293	$3,850,710	$378,470	$232,442	$6,714,763	$4,083,152

The net pension liability and net OPEB liability are the largest liabilities reported by the Career Center at June 30, 2022 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 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* and *net OPEB liabilities*. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems 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 to equal the Career Center's proportionate share of each plan's collective:

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

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

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

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

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

Current and other assets increased $1,360,810 or 8.70 percent from fiscal year 2021. This increase is mostly the result of increases in cash and cash equivalents held by the Career Center.

Capital assets increased $575,174 or 16.76 percent, primarily, as a result of additions to furniture, fixtures and equipment and vehicles.

Long term liabilities decreased $4,877,629 or 44.21 percent, as a result of a decrease in net pension liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Notes 11 and 12.

Current (other) liabilities increased $110,742 due primarily to an increase in accounts payable and intergovernmental payable.

The net position of the Career Center's governmental activities increased $2,485,583 or 64.54 percent, which is primarily due to the increases in cash and cash equivalents, which was offset by the decreases in liabilities and expenses related to the net pension actuarial measurements done by the retirement systems. The net position of the Career Center's business-type activities increased $146,028 or 62.82 percent. This change is mostly due to the adult education program, and is the result of an increase in cash and cash equivalents and decreases in Pension and OPEB measurements mentioned previously.

The Career Center's largest portion of net position is related to amounts in investment in capital assets. The Career Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

The Career Center's smallest portion of net position is restricted, and carries a balance of $1,087,199. The restricted net position is subject to external restrictions on how they may be used.

The remaining balance of $1,646,298 is unrestricted assets. Unrestricted net position represents resources that may be used to meet the Career Center's ongoing obligations to its students and creditors.

Table 2 shows the changes in net position for fiscal year 2022, and provides a comparison to fiscal year 2021.

Table 2
Changes in Net Position

	Governmental Activites		**Business-Type Activities**		**Total**	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services and Sales	$91,251	$39,698	$233,594	$248,561	$324,845	$288,259
Operating Grants and Contributions	918,661	1,355,980	223,109	189,861	1,141,770	1,545,841
General Revenues:						
Property Taxes	5,030,833	5,700,773	0	0	5,030,833	5,700,773
Unrestricted Grants and Entitlements	4,823,984	4,104,432	0	0	4,823,984	4,104,432
Unrestricted Tuition and Fees	0	260,363	0	0	0	260,363
Investment Earnings	21,978	12,468	105	13	22,083	12,481
Gain on Sale of Capital Assets	0	22,957	0	0	0	22,957
Miscellaneous	74,173	192,529	24,133	62,700	98,306	255,229
Total Revenues	10,960,880	11,689,200	480,941	501,135	11,441,821	12,190,335
Expenses:						
Instruction:						
Regular	30,919	91,501	0	0	30,919	91,501
Vocational	4,757,721	5,726,199	0	0	4,757,721	5,726,199
Adult/Continuing	220,704	189,405	0	0	220,704	189,405
Support Services:						
Pupils	272,777	280,035	0	0	272,777	280,035
Instructional Staff	213,992	280,015	0	0	213,992	280,015
Board of Education	75,021	98,155	0	0	75,021	98,155
Administration	778,250	1,018,697	0	0	778,250	1,018,697
Fiscal	456,096	475,160	0	0	456,096	475,160
Business	99,961	136,062	0	0	99,961	136,062
Operation and Maintenance of Plant	1,049,413	953,734	0	0	1,049,413	953,734
Pupil Transportation	3,768	2,336	0	0	3,768	2,336
Central	143,137	193,227	0	0	143,137	193,227
Operation of Non-Instructional Services:			0	0		
Food Services	267,791	303,960	0	0	267,791	303,960
Other	80	248	0	0	80	248
Extracurricular Activities	80,559	44,349	0	0	80,559	44,349
Adult Education	0	0	295,661	339,154	295,661	339,154
Rotary	0	0	33,285	34,127	33,285	34,127
Uniform School Supplies	0	0	30,967	34,979	30,967	34,979
Debt Service:						
Interest and Fiscal Charges	108	0	0	0	108	0
Total Expenses	8,450,297	9,793,083	359,913	408,260	8,810,210	10,201,343
Excess Revenues (Expenses) Before Transfers	2,510,583	1,896,117	121,028	92,875	2,631,611	1,988,992
Transfers	(25,000)	(45,000)	25,000	45,000	0	0
Change in Net Position	2,485,583	1,851,117	146,028	137,875	2,631,611	1,988,992
Net Position at Beginning of Year, As Restated	3,850,710	1,999,593	232,442	94,567	4,083,152	2,094,160
Net Position at End of Year	$6,336,293	$3,850,710	$378,470	$232,442	$6,714,763	$4,083,152

The most significant program expenses for the Career Center's governmental activities are Vocational Instruction, Operation and Maintenance of Plant, Administration, and Fiscal. These program expenses account for 83.33 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 56.3 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 12.42 percent of the total, represents costs associated with operating and maintaining the Career Center's facilities. Administration, which accounts for 9.21 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Career Center as a whole. Fiscal, which represents 5.39 percent of the total, represents cost associated with activities concerned with the financial operation of the Career Center.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs account for 89.91 percent of total revenues for governmental activities.

As noted previously, the net position for the governmental activities increased $2,485,583 or 64.55 percent. Governmental Activities revenue decreased $728,320 or 6.23 percent from last year and expenses decreased $1,342,786 or 13.7 percent from last year.

The District had a program revenue decrease of $385,766 and an decrease in general revenue of $342,554. The decrease in program revenues is due to a decrease in operating grants, primarily pandemic relief funding, and the decrease in general revenue is due mostly to decreases in property taxes and unrestricted tuition and fees with an offset of an increase in grants and entitlements not restricted for specific programs.

The total expenses for governmental activities decreased $1,342,786 or 13.7 percent, primarily due to decreases in vocational instruction and administration. The large decrease in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in significant increases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

The most significant program expense for the Career Center's business-type activities is Adult Education. This program, which accounts for 82.15 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

The net position for the business-type activities increased $146,028 or 62.82 percent. Total revenues decreased $20,194 or -4.03 percent from last year and expenses decreased $48,347 or 11.84 percent from last year.

The District had a program revenue increase for business-type activity of $18,281 and a decrease in general revenue of $38,475. The increase in program revenue is due primarily to an increase in operating grants and contributions in the Adult Education Program.

The total expenses for business-type activities decreased $48,347 or 11.84 percent, primarily due to a decrease in Adult Education. The decrease in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in significant decreases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

Governmental Activities

Over the past several fiscal years, the Career Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Career Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 45.90 percent and intergovernmental revenue made up 52.39 percent of the total revenue for the governmental activities in fiscal year 2022.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 2 mills. The Career Center's effective millage rate is currently at 2.0, while the operating millage rate is currently at 3.30 mills.

The Career Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2022, the Career Center received $4,210,046 through the State's foundation program, which represents 38.41 percent of the total revenue for the governmental activities. The Career Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 59.28 percent of governmental activities program expenses. Support services expenses make up 34.60 percent of governmental activities expenses. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of $456,703 and expenses of $359,913 for fiscal year 2022. Over 81.7 percent of those program revenues were from charges for services for tuition and classroom materials and fees and operating grants in the adult education program.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2022 and a comparison to fiscal year 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses:				
Governmental Activities:				
Instruction	$5,009,344	$4,594,742	$6,007,105	$5,347,611
Support Services	3,092,415	2,958,616	3,437,421	3,090,097
Operation of Non-Instructional Services	267,871	(123,736)	304,208	(60,073)
Extracurricular Activities	80,559	10,655	44,349	19,770
Debt Service:				
Interest and Fiscal Charges	108	108	0	0
Business-Type Activities:				
Adult Education	295,661	(77,847)	339,154	(23,998)
Rotary	33,285	3,392	34,127	4,845
Uniform School Supplies	30,967	(22,335)	34,979	(11,009)
Total Expenses	$8,810,210	$7,343,595	$10,201,343	$8,367,243

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $12,548,998 and expenditures and other financing uses of $10,971,075.

Total governmental funds fund balance increased by $1,577,923. The increase in fund balance for the year was most significant in the General Fund, which increased $1,423,479 or 19.25 percent. The increase was the result of an increase in property tax revenues and intergovernmental revenues during fiscal year 2022.

Budget Highlights - General Fund

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

During the course of the fiscal year, the Career Center amended its General Fund budget several times. The Career Center uses a modified program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

The Career Center prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was $10,421,944 representing an increase of $602,364 from the original budget estimates of $9,819,580. For the General Fund, the final budget basis expenditures were $9,987,191 representing an increase of $1,179,550 from the original budget estimates of $8,807,641. The final budget basis expenditures reflected a 13.39 percent increase from the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the Career Center had $13,052,403 invested in capital assets in the governmental activities and $271,113 in the business-type activities. These totals carry accumulated depreciation of $9,107,043 and $209,906, respectively. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities		Business-Type Activities	
		Restated		
	2022	2021	2022	2021
Nondepreciable Capital Assets:				
Land	$80,000	$80,000	$0	$0
Construction in Progress	125,948	229,594	0	0
Depreciable Capital Assets:				
Buildings and Improvements	8,581,472	7,572,709	0	0
Land Improvements	549,511	544,875	0	0
Furniture, Fixtures and Equipment	3,215,960	2,977,530	271,113	251,753
Vehicles	499,512	457,512	0	0
Total Capital Assets	13,052,403	11,862,220	271,113	251,753
Less Accumulated Depreciation:				
Buildings and Improvements	5,940,355	5,754,716	0	0
Land Improvements	211,900	186,313	0	0
Furniture, Fixtures and Equipment	2,550,173	2,163,777	209,906	193,713
Vehicles	404,615	384,061	0	0
Total Accumulated Depreciation	9,107,043	8,488,867	209,906	193,713
Capital Assets, Net	$3,945,360	$3,373,353	$61,207	$58,040

More detailed information pertaining to the Career Center's capital asset activity can be found in Note 9 of the notes to the basic financial statements.

Debt Administration

At June 30, 2022, the Career Center had no general obligation debt outstanding.

Detailed information pertaining to the Career Center's only long-term liability activity can be found in Note 14 of the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth area, the Career Center is financially stable, and has been over the past several years. Administrators and staff are cognizant of the entity's vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance between the two. Careful financial planning has permitted the Career Center to provide a quality education for our students.

Tri-County Career Center received approximately forty percent of its total General Fund revenue from the Ohio Department of Education (ODE) in fiscal year 2022. ODE Funding was frozen for fiscal years 2020 and 2021. The Ohio Fair School Funding Plan was enacted beginning fiscal year 2022 which has resulted in an increase in ODE funding for fiscal year 2022, and an additional increase expected for fiscal year 2023.

The five-year forecast projects positive carryover balances in the General Fund for the next five years. This is contingent on maintaining consistent enrollment.

The Career Center's systems of budgeting and internal controls are well regarded. The Career Center's healthy financial reserves will help the Career Center continue to serve its mission. The Career Center's focus on sustainability has resulted in the Career Center maintaining solid finances, while also improving facilities and overall academic achievement.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it received. If you have any questions about this report or need additional information contact Rodney Schilling, Treasurer of Tri-County Career Center, 15676 State Route 691, Nelsonville, OH 45764.

TRI-COUNTY CAREER CENTER

Statement of Net Position

June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	$10,038,270	$738,911	$10,777,181
Property Taxes Receivable	5,930,793	0	5,930,793
Accounts Receivable	30,553	14,608	45,161
Intergovernmental Receivable	155,737	0	155,737
Prepaid Items	12,749	3,592	16,341
Materials and Supplies Inventory	79,911	0	79,911
Nondepreciable Capital Assets	205,948	0	205,948
Depreciable Capital Assets, Net	3,739,412	61,207	3,800,619
Net OPEB Asset	635,800	16,838	652,638
Total Assets	20,829,173	835,156	21,664,329
Deferred Outflows of Resources:			
Pension	2,140,330	62,992	2,203,322
OPEB	222,468	13,467	235,935
Total Deferred Outflows of Resources	2,362,798	76,459	2,439,257
Liabilities:			
Accounts Payable	85,541	1,906	87,447
Contracts Payable	95,575	0	95,575
Accrued Wages and Benefits	611,933	10,952	622,885
Intergovernmental Payable	255,998	8,682	264,680
Long-Term Liabilities:			
Due within One Year	85,957	2,153	88,110
Due in More Than One Year:			
Net Pension Liability	4,911,816	179,657	5,091,473
Net OPEB Liability	602,865	44,264	647,129
Other Amounts Due in More Than One Year	322,819	4,984	327,803
Total Liabilities	6,972,504	252,598	7,225,102
Deferred Inflows of Resources:			
Property Taxes	4,770,118	0	4,770,118
Pension	4,033,488	197,539	4,231,027
OPEB	1,079,568	83,008	1,162,576
Total Deferred Inflows of Resources	9,883,174	280,547	10,163,721
Net Position:			
Investment in Capital Assets	3,920,059	61,207	3,981,266
Restricted for:			
Capital Outlay	907,335	0	907,335
Other Purposes	179,864	0	179,864
Unrestricted	1,329,035	317,263	1,646,298
Total Net Position	$6,336,293	$378,470	$6,714,763

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
Governmental Activities:			
Instruction:			
Regular	$30,919	$0	$7,000
Vocational	4,757,721	400	350,943
Adult/Continuing	220,704	0	56,259
Support Services:			
Pupils	272,777	0	31,538
Instructional Staff	213,992	0	0
Board of Education	75,021	0	0
Administration	778,250	0	0
Fiscal	456,096	0	0
Business	99,961	0	0
Operation and Maintenance of Plant	1,049,413	0	0
Pupil Transportation	3,768	0	0
Central	143,137	0	102,261
Operation of Non-Instructional Services:			
Food Services	267,791	21,087	370,520
Other	80	0	0
Extracurricular Activities	80,559	69,764	140
Debt Service:			
Interest and Fiscal Charges	108	0	0
Total Governmental Activities	8,450,297	91,251	918,661
Business-Type Activities:			
Adult Education	295,661	150,399	223,109
Rotary	33,285	29,893	0
Uniform School Supplies	30,967	53,302	0
Total Business-Type Activities	359,913	233,594	223,109
Totals	$8,810,210	$324,845	$1,141,770

General Revenues:
Property Taxes Levied for:
General Purposes
Grants and Entitlements not Restricted to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements and accountant's report.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
($23,919)	$0	($23,919)
(4,406,378)	0	(4,406,378)
(164,445)	0	(164,445)
(241,239)	0	(241,239)
(213,992)	0	(213,992)
(75,021)	0	(75,021)
(778,250)	0	(778,250)
(456,096)	0	(456,096)
(99,961)	0	(99,961)
(1,049,413)	0	(1,049,413)
(3,768)	0	(3,768)
(40,876)	0	(40,876)
123,816	0	123,816
(80)	0	(80)
(10,655)	0	(10,655)
(108)	0	(108)
(7,440,385)	0	(7,440,385)
0	77,847	77,847
0	(3,392)	(3,392)
0	22,335	22,335
0	96,790	96,790
(7,440,385)	96,790	(7,343,595)
5,030,833	0	5,030,833
4,823,984	0	4,823,984
21,978	105	22,083
74,173	24,133	98,306
9,950,968	24,238	9,975,206
(25,000)	25,000	0
9,925,968	49,238	9,975,206
2,485,583	146,028	2,631,611
3,850,710	232,442	4,083,152
$6,336,293	$378,470	$6,714,763

TRI-COUNTY CAREER CENTER

Balance Sheet

Governmental Funds

June 30, 2022

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$8,647,032	$997,755	$393,483	$10,038,270
Property Taxes Receivable	5,930,793	0	0	5,930,793
Accounts Receivable	28,826	0	1,727	30,553
Intergovernmental Receivable	16,729	0	139,008	155,737
Interfund Receivable	58,741	0	0	58,741
Prepaid Items	12,749	0	0	12,749
Materials and Supplies Inventory	79,911	0	0	79,911
Total Assets	$14,774,781	$997,755	$534,218	$16,306,754
Liabilities:				
Accounts Payable	$65,120	$0	$20,421	$85,541
Accrued Wages and Benefits	570,503	0	41,430	611,933
Contracts Payable	0	90,420	5,155	95,575
Intergovernmental Payable	248,247	0	7,751	255,998
Interfund Payable	0	0	58,741	58,741
Total Liabilities	883,870	90,420	133,498	1,107,788
Deferred Inflows of Resources:				
Property Taxes	5,071,056	0	0	5,071,056
Unavailable Revenue	156	0	56,829	56,985
Total Deferred Inflows of Resources	5,071,212	0	56,829	5,128,041
Fund Balances:				
Nonspendable	97,587	0	0	97,587
Restricted	0	0	385,983	385,983
Assigned	173,724	907,335	0	1,081,059
Unassigned	8,548,388	0	(42,092)	8,506,296
Total Fund Balances	8,819,699	907,335	343,891	10,070,925
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$14,774,781	$997,755	$534,218	$16,306,754

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2022

Total Governmental Funds Balances		$10,070,925
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.		3,945,360
Some of the Career Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	300,938	
Intergovernmental revenue	56,985	
Total receivables that are not reported in the funds		357,923
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Capital leases	(25,301)	
Compensated absences	(383,475)	
Total liabilities not reported in funds		(408,776)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	2,140,330	
Deferred Outflows - OPEB	222,468	
Deferred Inflows - Pension	(4,033,488)	
Deferred Inflows - OPEB	(1,079,568)	
Net OPEB Asset	635,800	
Net Pension Liability	(4,911,816)	
Net OPEB Liability	(602,865)	
Total		(7,629,139)
Net Position of Governmental Activities		$6,336,293

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2022

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$5,533,756	$0	$0	$5,533,756
Intergovernmental	4,824,760	0	1,027,940	5,852,700
Interest	21,260	0	718	21,978
Extracurricular Activities	0	0	69,764	69,764
Gifts and Donations	0	0	140	140
Rent	400	0	0	400
Customer Sales and Services	0	0	21,087	21,087
Miscellaneous	52,475	0	21,698	74,173
Total Revenues	10,432,651	0	1,141,347	11,573,998
Expenditures:				
Current:				
Instruction:				
Regular	0	0	30,919	30,919
Vocational	4,882,567	0	347,293	5,229,860
Adult/Continuing	0	0	220,704	220,704
Support Services:				
Pupils	287,812	0	13,826	301,638
Instructional Staff	237,224	0	0	237,224
Board of Education	75,021	0	0	75,021
Administration	912,906	0	5,196	918,102
Fiscal	507,809	0	0	507,809
Business	107,988	0	0	107,988
Operation and Maintenance of Plant	918,812	741,293	0	1,660,105
Pupil Transportation	3,768	0	0	3,768
Central	56,799	0	95,052	151,851
Operation of Non-Instructional Services	0	0	304,062	304,062
Extracurricular Activities	17,203	0	63,356	80,559
Capital Outlay	0	135,702	0	135,702
Debt Service:				
Principal	5,655	0	0	5,655
Interest	108	0	0	108
Total Expenditures	8,013,672	876,995	1,080,408	9,971,075
Excess of Revenues Over (Under) Expenditures	2,418,979	(876,995)	60,939	1,602,923
Other Financing Sources (Uses):				
Transfers In	4,500	970,500	0	975,000
Transfers Out	(1,000,000)	0	0	(1,000,000)
Total Other Financing Sources (Uses)	(995,500)	970,500	0	(25,000)
Net Change in Fund Balances	1,423,479	93,505	60,939	1,577,923
Fund Balances at Beginning of Year	7,396,220	813,830	282,952	8,493,002
Fund Balances at End of Year	$8,819,699	$907,335	$343,891	$10,070,925

See accompanying notes to the basic financial statements and accountant's report.

Net Change in Fund Balances - Total Governmental Funds		$1,577,923
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	1,194,639	
Depreciation	(621,296)	
Total		573,343
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(1,336)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes	(502,923)	
Intergovernmental	(110,195)	
Total receivables not reported in the funds		(613,118)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:		
Capital lease payments		5,655
Some items 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. These activities consist of:		
Compensated absences		24,005
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred revenues.		693,377
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		225,734
Change in Net Position of Governmental Activities		$2,485,583

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$5,398,848	$5,551,511	$5,551,511	$0
Intergovernmental	4,089,142	4,817,133	4,816,736	(397)
Interest	12,000	9,800	21,260	11,460
Tuition and Fees	246,715	0	0	0
Rent	0	600	400	(200)
Miscellaneous	72,875	42,900	52,923	10,023
Total Revenues	9,819,580	10,421,944	10,442,830	20,886
Expenditures:				
Vocational	5,041,051	5,475,357	5,035,985	439,372
Pupils	138,227	251,148	254,370	(3,222)
Instructional Staff	213,035	356,861	242,735	114,126
Board of Education	96,665	108,408	74,724	33,684
Administration	956,428	969,236	933,093	36,143
Fiscal	509,980	546,416	507,191	39,225
Business	109,651	130,734	103,429	27,305
Operation and Maintenance of Plant	922,095	1,039,958	897,362	142,596
Pupil Transportation	0	5,814	3,768	2,046
Central	55,500	88,250	55,826	32,424
Extracurricular Activities	15,009	15,009	17,225	(2,216)
Total Expenditures	8,057,641	8,987,191	8,125,708	861,483
Excess of Revenues Over (Under) Expenditures	1,761,939	1,434,753	2,317,122	882,369
Other Financing Sources (Uses):				
Transfers Out	(750,000)	(1,000,000)	(1,000,000)	0
Total Other Financing Sources (Uses)	(750,000)	(1,000,000)	(1,000,000)	0
Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,011,939	434,753	1,317,122	882,369
Fund Balance at Beginning of Year	7,096,040	7,096,040	7,096,040	0
Prior Year Encumbrances Appropriated	103,271	103,271	103,271	0
Fund Balance at End of Year	$8,211,250	$7,634,064	$8,516,433	$882,369

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER

Statement of Net Position

Proprietary Funds

June 30, 2022

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
Assets:			
Current Assets:			
Equity in Pooled Cash and Cash Equivalents	$601,303	$137,608	$738,911
Accounts Receivable	2,872	11,736	14,608
Prepaid Items	3,592	0	3,592
Noncurrent Assets:			
Depreciable Capital Assets, Net	61,207	0	61,207
Net OPEB Asset	16,838	0	16,838
Total Assets	685,812	149,344	835,156
Deferred Outflows of Resources:			
Pension	62,992	0	62,992
OPEB	13,467	0	13,467
Total Deferred Outflows of Resources	76,459	0	76,459
Liabilities:			
Current Liabilities:			
Accounts Payable	978	928	1,906
Accrued Wages and Benefits	10,952	0	10,952
Intergovernmental Payable	8,682	0	8,682
Noncurrent Liabilities:			
Due Within One Year	2,153	0	2,153
Other Amounts Due in More Than One Year	4,984	0	4,984
Net Pension Liability	179,657	0	179,657
Net OPEB Liability	44,264	0	44,264
Total Liabilities	251,670	928	252,598
Deferred Inflows of Resources:			
Pension	197,539	0	197,539
OPEB	83,008	0	83,008
Total Deferred Inflows of Resources	280,547	0	280,547
Net Position:			
Investment in Capital Assets	61,207	0	61,207
Unrestricted	168,847	148,416	317,263
Total Net Position	$230,054	$148,416	$378,470

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER

Statement of Revenues,

Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2022

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues:			
Tuition	$115,716	$0	$115,716
Sales	34,683	53,302	87,985
Charges for Services	0	29,893	29,893
Other Operating Revenues	11,979	12,154	24,133
Total Operating Revenues	162,378	95,349	257,727
Operating Expenses:			
Salaries	199,513	0	199,513
Fringe Benefits	4,612	0	4,612
Purchased Services	20,474	0	20,474
Materials and Supplies	39,819	64,252	104,071
Depreciation	16,193	0	16,193
Other Operating Expenses	15,050	0	15,050
Total Operating Expenses	295,661	64,252	359,913
Operating Income (Loss)	(133,283)	31,097	(102,186)
Nonoperating Revenues (Expenses):			
Federal and State Subsidies	223,109	0	223,109
Interest	105	0	105
Total Nonoperating Revenues (Expenses)	223,214	0	223,214
Income (Loss) before Transfers	89,931	31,097	121,028
Transfers In	25,000	0	25,000
Change in Net Position	114,931	31,097	146,028
Net Position at Beginning of Year	115,123	117,319	232,442
Net Position at End of Year	$230,054	$148,416	$378,470

See accompanying notes to the basic financial statements and accountant's report.

TRI-COUNTY CAREER CENTER
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Sales and Charges for Services	$34,683	$82,237	$116,920
Cash Received from Tuition	120,169	0	120,169
Other Cash Receipts	11,979	12,154	24,133
Cash Payments to Employees for Services	(203,102)	0	(203,102)
Cash Payments for Employee Benefits	(104,802)	0	(104,802)
Cash Payments to Purchased Services	(24,223)	0	(24,223)
Cash Payments for Goods and Services	(40,641)	(63,324)	(103,965)
Other Cash Payments	(15,050)	0	(15,050)
Net Cash from Operating Activities	(220,987)	31,067	(189,920)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	223,109	0	223,109
Transfers In	25,000	0	25,000
Net Cash from Noncapital Financing Activities	248,109	0	248,109
Cash Flows from Capital and Related Financing Activities:			
Purchases of Capital Assets	(19,360)	0	(19,360)
Net Cash from Capital and Related Financing Activities	(19,360)	0	(19,360)
Cash Flows from Investing Activities:			
Interest on Investments	105	0	105
Net Increase (Decrease) in Cash and Cash Equivalents	7,867	31,067	38,934
Cash and Cash Equivalents at Beginning of Year	593,436	106,541	699,977
Cash and Cash Equivalents at End of Year	$601,303	$137,608	$738,911
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Income (Loss)	($133,283)	$31,097	($102,186)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:			
Depreciation	16,193	0	16,193
(Increase) Decrease in Assets and Deferred Outflows of Resources:			
Accounts Receivable	4,453	(958)	3,495
Materials and Supplies Inventory	(3,592)	0	(3,592)
Deferred Outflows of Resources	15,749	0	15,749
Net OPEB Asset	(2,975)	0	(2,975)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:			
Accounts Payable	(979)	928	(51)
Accrued Wages and Benefits	(3,589)	0	(3,589)
Intergovernmental Payable	3,944	0	3,944
Compensated Absences Payable	(13,697)	0	(13,697)
Net Pension Liability	(233,979)	0	(233,979)
Net OPEB Liability	(23,528)	0	(23,528)
Deferred Inflows of Resources	154,296	0	154,296
Total Adjustments	(87,704)	(30)	(87,734)
Net Cash from Operating Activities	($220,987)	$31,067	($189,920)

See accompanying notes to the basic financial statements and accountant's report.

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*NOTE 1 - **DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY***

The Tri-County Career Center (the Career Center) is a joint vocational Career Center as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Career Center includes eight participating Districts spread throughout Athens, Hocking and Perry Counties.

The Career Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Career Center. The Board of Education of the Career Center is not directly elected. The Board members are appointed by the elected boards of the participating Career Centers. The Board consists of five members from the three city Career Centers and six members from the two-county educational service center districts. The Career Center has an enrollment of 491 students and is staffed by 29 classified, 50 certified and 6 administrative employees.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the Career Center are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organizations' resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The Career Center is involved with the META Solutions, Southeastern Ohio Special Education Regional Resource Center (SERRC), Athens County School Employees Health and Welfare Benefit Association, Coalition of Rural and Appalachian Schools, and Ohio Coalition of Equity and Adequacy of School Funding, which are defined as jointly governed organizations. The Career Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 18 and 19 to the basic financial statements.

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

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

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

A. Basis of Presentation

The Career Center's basic financial statement consists of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Career Center as a whole. These statements include the financial activities of the primary government. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Career Center that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

During the year, the Career Center segregates transactions related to certain 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 Career Center at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

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

Governmental Funds

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

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

The following are the Career Center's major governmental funds:

General Fund - This fund is the operating fund of the Career Center and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the Career Center for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - This fund is used to account for financial resources to be used for the acquisition, construction or improvement of capital facilities.

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

Proprietary Funds

The focus of proprietary funds is on the determination of the change in net position, financial position and cash flows. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following is the Career Center's only major proprietary fund:

Adult Education Fund - This fund is used to account for transactions made in connection with adult education classes.

The other proprietary funds of the Career Center account for transactions made in connection with tools and supplies provided to and rotary accounts maintained for the vocational education classes.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Career Center are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance 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.

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

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

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Career Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension/OPEB are explained in Notes 11 and 12.

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

In addition to the liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, unavailable revenue, and pension/OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide Statement of Net Position (See Notes 11 and 12).

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

During the fiscal year 2022, the Career Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2022.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2022 amounted to $21,260 which includes $3,768 assigned from other Career Center funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Career Center are presented on the financial statements as cash equivalents.

F. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

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

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated and purchased food held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of one thousand dollars. The Career Center does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

Description	Estimated Lives
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the Statement of Net Position.

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Career Center's termination policy. The Career Center records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the Career Center.

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.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities and long-term liabilities 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, compensated absences, special termination of benefits and contractually required pension contributions 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. Long-term liabilities are recognized as a liability on the fund financial statements when due.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

Net position restricted for other purposes is primarily for federal and state grants reported in the Special Revenue Funds.

The Career Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Career Center's restricted net position of $1,078,309, none is restricted by enabling legislation.

N. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

> ***Non-spendable*** – The non-spendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.
>
> ***Restricted*** – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. 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 category includes amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Career Center's Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for the use in satisfying those contractual requirements.
>
> ***Assigned*** –Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Career Center's Board of Education.
>
> ***Unassigned*** – The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Career Center considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Career Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are tuition, classroom fees and charges for services for the adult education program and vocational education classes. Operating expenses are necessary costs incurred to provide the service that is the primary activity of that fund.

P. Interfund Transactions

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 to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Q. Estimates

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

R. Budgetary Process

All funds, other than the custodial fund, 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 revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2022.

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

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.

NOTE 3 - NEW GASB PRONOUNCEMENTS

For the fiscal year ended June 30, 2022, the Career Center has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates,* certain provisions of GASB Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* and certain provisions in GASB Statement No. 99, *Omnibus 2022.*

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 11b, 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and b) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and will improve consistency of authoritative literature. The implementation of certain provisions of GASB Statement No. 99 did not have an effect on the financial statements of the Career Center.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Career Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budget 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 restricted, committed or assigned fund balance (GAAP basis).

4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

The following tables summarize the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund:

Net Change in Fund Balance	General Fund
GAAP Basis	$1,423,479
Adjustments:	
Revenue Accruals	13,346
Expenditure Accruals	1,027,165
Encumbrances	(155,039)
Other Financing Sources	(1,000,000)
Prospective Difference:	
Activity of Funds Reclassified For GAAP Reporting Purposes	8,171
Budget Basis	$1,317,122

NOTE 5 - ACCOUNTABILITY

Fund balances at June 30, 2022 included the following individual fund deficits:

Fund	Amount
Non-major Special Revenue Funds:	
Student Wellness and Success Grant	$3,519
Miscellaneous State Grants	450
Driver's Education Grant	250
Vocational Education Grant	37,873

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the Career Center into three categories:

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

6. The State Treasurer's investment pool (STAROhio);

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed forty percent of interim monies available for investment at any one time if training requirements have been met; and

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

Investments: Investments are reported at fair value. As of June 30, 2022, the Career Center had the following investments and maturities:

Investment Type	Net Asset Value Per Share	6 Months or Less
STAR Ohio	$8,555,779	$8,555,779

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Career Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor's has assigned STAROhio an "AAAm" money market rating.

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 Career Center's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Career Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Career Center policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Career Center or not.

The classification of cash and cash equivalent on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents on the basic financial statements and the classification of deposits and investments in GASB Statement No. 3 follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	$10,777,181	$0
Investments:		
STAR Ohio	(8,555,779)	8,555,779
GASB Statement No. 3	$2,221,402	$8,555,779

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located within the Career Center's boundaries. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying percentages of true value (with certain exceptions) and on real property at thirty-five percent of true value.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$1,995,243,540	75.16%	$1,918,926,270	74.32%
Public Utility Personal	659,305,930	24.84%	663,126,380	25.68%
Total Assessed Value	$2,654,549,470	100.00%	$2,582,052,650	100.00%
Tax rate per $1,000 of assessed valuation	$3.30		$3.30	

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 earlier or later payment dates to be established.

The Career Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2022 is available to finance fiscal year 2022 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, personal property, and public utility taxes which became measurable as of June 30, 2022. 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 year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Career Center had $859,737 available for advance to the General Fund at June 30, 2022.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and inter-fund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

NOTE 8 – RECEIVABLES - (Continued)

Governmental Activites:	
General Fund	$16,729
Nonmajor Special Revenue Funds:	
Governor Emergency Education Relief	27,485
Vocational Education Grants	77,044
Pell Grant	4,278
Miscellaneous Federal Grants	23,201
Title IIA	7,000
Total Nonmajor Special Revenue Funds	139,008
Total Intergovernmental Receivable	$155,737

NOTE 9 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2022 was as follows:

Asset Category	Restated Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	$80,000	$0	$0	$80,000
Construction in Progress	229,594	882,740	(986,386)	125,948
Total Nondepreciable Capital Assets	309,594	882,740	(986,386)	205,948
Depreciable Capital Assets:				
Land Improvements	544,875	4,636	0	549,511
Buildings and Improvements	7,572,709	1,008,763	0	8,581,472
Furniture, Fixtures and Equipment	2,977,530	242,886	(4,456)	3,215,960
Vehicles	457,512	42,000	0	499,512
Total Depreciable Capital Assets	11,552,626	1,298,285	(4,456)	12,846,455
Total Capital Assets	11,862,220	2,181,025	(990,842)	13,052,403
Less Accumulated Depreciation:				
Land Improvements	(186,313)	(25,587)	0	(211,900)
Buildings and Improvements	(5,754,716)	(185,639)	0	(5,940,355)
Furniture, Fixtures and Equipment	(2,163,777)	(389,516)	3,120	(2,550,173)
Vehicles	(384,061)	(20,554)	0	(404,615)
Total Accumulated Depreciation	(8,488,867)	(621,296)	3,120	(9,107,043)
Total Net Depreciable Capital Assets	3,063,759	676,989	(1,336)	3,739,412
Total Net Capital Assets	$3,373,353	$1,559,729	($987,722)	$3,945,360

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

Instruction:	
Vocational	$375,322
Support Services:	
Administration	7,302
Fiscal	2,925
Operations and Maintenance	232,056
Operation of Non-Instructional Services	3,691
Total Depreciation Expense	$621,296

Capital asset business-type activity for the fiscal year ended June 30, 2022 was as follows:

Asset Category	Restated Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
Business-Type Activities:				
Depreciable Capital Assets:				
Furniture, Fixtures and Equipment	$254,129	$19,360	($2,376)	$271,113
Less Accumulated Depreciation:				
Furniture, Fixtures and Equipment	(196,089)	(16,193)	2,376	(209,906)
Business-Type Activities Capital Assets, Net	$58,040	$3,167	$0	$61,207

NOTE 10 - RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the Career Center contracted with School Insurance Consultants, LLC for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond. Coverages provided at June 30, 2022 are as follows:

Building and Contents - replacement ($2,500 deductible)	$ 38,571,595
Inland Marine Coverage ($500 deductible)	400,000
Automobile Liability ($500 deductible)	1,000,000
Automobile Medical Payments	5,000
Uninsured Motorists ($0 deductible)	1,000,000
General Liability:	
Medical Expense Limit (any one person)	N/A
Fire Damage Limit (any one fire)	500,000
Per Occurance	2,000,000
Total Per Year	3,000,000
School Leaders Errors and Omissions ($2,500 deductible)	2,000,000
Public Officials Bonds	500,000
Employee Blanket Bond ($500 deductible)	500,000
Cyber Incident Response ($5,000 deductible)	1,000,000
Cyber Crime ($5,000 deductible)	250,000
System Damage and Business Interruption ($5,000 deductible)	1,000,000
Network Security & Privacy Liability ($5,000 deductible)	1,000,000
Media Liability ($5,000 deductible)	1,000,000
Court Attendance Costs	100,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

For fiscal year 2022, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating Career Center is calculated as one experience and a common premium rate is applied to all Career Centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Career Centers that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit 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. 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 was in effect for all benefit recipients for the years 2018, 2019, and 2020. The COLA it is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The Career Center's contractually required contribution to SERS was $174,889 for fiscal year 2022. Of this amount, none is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Career Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 11 - DEFINED BENEFIT PENSION PLANS – (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 will be 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 August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity 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. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022, plan members were required to contribute 14 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was $535,615 for fiscal year 2022. Of this amount, $95,359 is reported as an intergovernmental payable

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

The net pension liability, pension expense and deferred outflows/inflows of resources related to pensions was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03614740%	0.03095393%	
Prior Measurement Date	0.03713400%	0.03045624%	
Change in Proportionate Share	-0.00098660%	0.00049769%	
Proportionate Share of the Net Pension Liability	$1,133,734	$3,957,739	$5,091,473
Pension Expense	($267,461)	$41,583	($225,878)

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the Career Center's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

At June 30, 2022, the Career Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$129	$122,273	$122,402
Changes of Assumptions	28,085	1,097,948	1,126,033
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	0	244,383	244,383
Contributions Subsequent to the Measurement Date	174,889	535,615	710,504
Total Deferred Outflows of Resources	$203,103	$2,000,219	$2,203,322
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$34,589	$24,807	$59,396
Net Difference between Projected and Actual Earnings on Pension Plan Investments	686,913	3,410,813	4,097,726
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	54,684	19,221	73,905
Total Deferred Inflows of Resources	$776,186	$3,454,841	$4,231,027

$710,504 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($213,664)	($452,361)	($666,025)
2024	(160,146)	(408,757)	(568,903)
2025	(163,321)	(473,210)	(636,531)
2026	(210,841)	(655,909)	(866,750)
	($747,972)	($1,990,237)	($2,738,209)

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of system expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2020.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 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 (7.00 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 Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net Pension Liability	$2,219,006	$1,133,734	$587,146

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate **-** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Career Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the Career Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net Pension Liability	$7,411,363	$3,957,739	$1,039,433

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 12 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Career Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

NOTE 12 - <u>DEFINED BENEFIT OPEB PLANS</u> – (Continued)

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 2022, 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 2022, this amount was $25,000. 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 2022, the Career Center's surcharge obligation was $8,051.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contractually required contribution to SERS was $8,051 for fiscal year 2022.

<u>Plan Description - State Teachers Retirement System (STRS)</u>

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting <u>www.strsoh.org</u> 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, 2022, STRS did not allocate any employer contributions to post-employment health care.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability(asset), OPEB expense and deferred outflows/inflows of resources related to OPEB was measured as of June 30, 2021, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of that date. The Career Center's proportion of the net OPEB liability was based on the Career Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.03419290%	0.03095393%	
Prior Measurement Date	0.03439090%	0.03045624%	
Change in Proportionate Share	-0.00019800%	0.00049769%	
Proportionate Share of the Net			
OPEB Liability/(Asset)	$647,129	($652,638)	($5,509)
OPEB Expense (Gain)	($25,484)	($39,631)	($65,115)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$6,899	$23,235	$30,134
Changes of Assumptions	101,518	41,688	143,206
Changes in Proportion and Differences between			
Contributions and Proportionate Share of Contributions	26,693	27,851	54,544
Contributions Subsequent to the Measurement Date	8,051	0	8,051
Total Deferred Outflows of Resources	$143,161	$92,774	$235,935
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$322,299	$119,575	$441,874
Net Difference between Projected and Actual Earnings			
on Pension Plan Investments	14,060	180,901	194,961
Changes of Assumptions	88,618	389,347	477,965
Changes in Proportion and Differences between			
Contributions and Proportionate Share of Contributions	39,512	8,264	47,776
Total Deferred Inflows of Resources	$464,489	$698,087	$1,162,576

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

$8,051 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:			
2023	($74,625)	($172,266)	($246,891)
2024	(74,722)	(167,745)	(242,467)
2025	(75,783)	(164,947)	(240,730)
2026	(62,483)	(75,416)	(137,899)
2027	(32,520)	(25,574)	(58,094)
Thereafter	(9,246)	635	(8,611)
	($329,379)	($605,313)	($934,692)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investmen expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

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 in 2021. 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, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by STRS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Liability	$801,871	$647,129	$523,510

	1% Decrease	Current Trend Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Liability	$498,236	$647,129	$846,003

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial assumptions used in the June 30, 2021; valuation is based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent 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 not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Asset	$550,726	$652,638	$737,771

	1% Decrease	Current Trend Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Asset	$734,321	$652,638	$551,630

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty-five days of vacation per year, depending upon length of service. 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 320 days for teachers and classified employees, 340 days for administrators plus 85 days upon retirement for the superintendent and treasurer. Upon retirement, teachers, administrators and classified employees receive one-fourth of the total sick leave accumulation up to a maximum of eighty (80) days.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term liabilities for governmental activities during fiscal year 2022 were as follows:

	Principal Outstanding at July 1, 2021	Additions	Deductions	Principal Outstanding at June 30, 2022	Amount Due In One Year
Governmental Activities:					
Net Pension Liability:					
STRS	$7,178,460	$0	$3,322,831	$3,855,629	$0
SERS	2,233,351	0	1,177,164	1,056,187	0
Total Net Pension Liability	9,411,811	0	4,499,995	4,911,816	0
Net OPEB Liability:					
SERS	679,635	0	76,770	602,865	0
Total Net OPEB Liability	679,635	0	76,770	602,865	0
Capital Leases	30,956	0	5,655	25,301	5,911
Compensated Absences	407,480	185,126	209,131	383,475	80,046
Total Governmental Activities Long-Term Obligations	$10,529,882	$185,126	$4,791,551	$5,923,457	$85,957

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The Career Center pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences for governmental activities will be paid from the fund from which the employee is paid.

The changes in the Career Center's long-term liabilities for business-type activities during fiscal year 2022 were as follows:

	Principal Outstanding at July 1, 2021	Additions	Deductions	Principal Outstanding at June 30, 2022	Amount Due In One Year
Business-Type Activities:					
Net Pension Liability:					
STRS	$190,866	$0	$88,756	$102,110	$0
SERS	222,770	0	145,223	77,547	0
Total Net Pension Liability	413,636	0	233,979	179,657	0
Net OPEB Liability:					
SERS	67,792	0	23,528	44,264	0
Total Net OPEB Liability	67,792	0	23,528	44,264	0
Compensated Absences	20,834	11,373	25,070	7,137	2,153
Total Governmental Activities Long-Term Obligations	$502,262	$11,373	$282,577	$231,058	$2,153

Compensated absences for business-type activities will be paid from the Adult Education Fund.

NOTE 15 - CAPITAL LEASE - LESSEE DISCLOSURE

The Career Center has entered into agreements to lease copiers. Such agreements are in substance, lease purchases and are reflected as capital lease obligations in the basic financial statements. New leases are, in substance, capital purchases and are recorded as current expenditures and proceeds from capital leases on the fund financial statements. The capital lease obligations reflected above as part of the long-term obligations represent the present value of the net future minimum lease payments on all capital leases.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2022:

	Governmental Activities
Fiscal Year Ending June 30,	Capital Lease
2023	$6,915
2024	6,915
2025	6,915
2026	6,915
2027	1,153
2028	0
Minimum Lease Payments	28,813
Less: amount representing interest	3,512
Present value of minimum lease payments	$25,301

NOTE 16– FUND BALANCES

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

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	$79,911	$0	$0	$79,911
Prepaids	12,749	0	0	12,749
Unclaimed Monies	4,927	0	0	4,927
Total Nonspendable	97,587	0	0	97,587
Restricted:				
Specail Revenues:				
Food Service	0	0	213,119	213,119
Student Activities	0	0	80,419	80,419
Special Trust	0	0	58,632	58,632
Federal Grants	0	0	33,813	33,813
Total Restricted	0	0	385,983	385,983
Assigned:				
Encumbrances:				
Vocational	144,555	0	0	144,555
Pupils	415	0	0	415
Instructional Staff	1,724	0	0	1,724
Board of Education	1,000	0	0	1,000
Administration	2,310	0	0	2,310
Business	1,028	0	0	1,028
Operation and Maintenance of Plant	3,952	0	0	3,952
Central	55	0	0	55
Public School Support	18,685	0	0	18,685
Permanent Improvement	0	907,335	0	907,335
Total Assigned	173,724	907,335	0	1,081,059
Unassigned (Deficit)	8,548,388	0	(42,092)	8,506,296
Total Fund Balance	$8,819,699	$907,335	$343,891	$10,070,925

NOTE 17- INTERFUND ACTIVITY

As of June 30, 2022, receivables and payables that resulted from various inter-fund transactions were as follows:

	Interfund Receivable	Interfund Payable
General	$58,741	$0
Nonmajor Special Revenue Funds:		
Food Service	0	10,000
Miscellaneous State Grants	0	450
Driver's Education Grants	0	250
Governor Emergency Education Relief	0	7,829
Miscellaneous Federal Grants	0	40,212
Total Non-Major Funds	0	58,741
Total	$58,741	$58,741

The balance of $58,741 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

	Transfer In	Transfer Out
General	$4,500	$1,000,000
Permanent Improvement	970,500	0
Proprietary Funds:		
Adult Education	25,000	0
Total	$1,000,000	$1,000,000

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

NOTE 18- JOINTLY GOVERNED ORGANIZATIONS

Meta Solutions

The Career Center participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member Career Center. The delegate is the superintendent of the Career Center or the superintendent’s designee. The degree of control exercised by any participating Career Center is limited to its representation of the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302. The Career Center made payments of $44,670 to META for fiscal year 2022.

NOTE 18- JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating Career Center is limited to its representation on the Board. The Career Center's Superintendent is on the SERRC Board. Financial information can be obtained by contacting Teresa McGinnis, Interim Treasurer, at the Athens-Meigs Educational Service Center, 21 Birge Drive, Chauncey, Ohio 45719.

Athens County School Employees Health and Welfare Benefit Association

The Career Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with United Health Care to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Trustmark to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Snider, Fuller and Stoh, 5 Depot Street, Athens, Ohio 45701.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 Career Centers and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for Career Center administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for Career Center personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2022, the Career Center paid $325 for membership. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

NOTE 18- JOINTLY GOVERNED ORGANIZATIONS – (Continued)

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionally of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 Career Center representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 Career Centers throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member Career Centers and joint vocational schools pay dues of $0.05 per pupil. Career Centers and joint vocational schools may also pay supplemental dues in the amount of $0.50 per pupil for K-12 districts and educational service centers pay dues of $0.05 per pupil. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2022, the Career Center paid $222 to the Coalition. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

NOTE 19 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The Career Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Career Centers pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 20 - CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2022, if applicable, cannot be determined at this time.

B. Litigation

The Career Center is involved in no pending litigation that would have a material effect on the financial condition of the Career Center.

NOTE 20 - CONTINGENCIES – (Continued)

C. School Foundation

Career Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2022 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2022 financial statements was insignificant.

NOTE 21 - STATUTORY SET-ASIDES

The following changes occurred in the Career Center's set-aside reserve account during fiscal year 2022:

	Capital Improvements
Set Aside Balance June 30, 2021	$0
Current Year Set Aside Requirement	93,045
Current Year Qualifying Disbursements	(786,575)
Total	(693,530)
Set Aside Reserved Balance as of June 30, 2022	$0
Total Restricted Assets	$0

Although the Career Center had qualifying disbursements during the year that reduced the set-aside amount to below zero for the capital improvement set-asides, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

NOTE 22 – ENCUMBRANCE COMMITMENTS

At June 30, 2022, the Career Center had encumbrance commitments in the Governmental Funds as follows:

Fund	
General	$155,039
Permanent Improvement	169,525
Nonmajor Funds:	
Rotary Club Trust Fund	7,600
Adult Education	150
Governor Emergency Education Relief	18,063
Miscellaneous Federal Grants	10,519
Total Nonmajor Funds	36,332
Total Encumbrances	$360,896

NOTE 23 – CONTRACTUAL COMMITMENTS

As of June 30, 2022, the Career Center had contractual purchase commitments for various projects related to the Career Center's renovations and new construction. The amount for each project is as follows.

Contractor	Trade	Contract Amounts	Amounts Paid as of June 30, 2022	Amounts Remaining on Contracts
Schorr Architects	Cafeteria Addition and Parking Lot Improvements	$176,000	$134,444	$41,556
Gutknecht Construction	Cafeteria Addition and Parking Lot Improvements	1,534,000	0	1,534,000
Hoon, Inc.	New Electrical Lab Building and Campus -wide Hallway Ceiling Replacement	856,648	849,707	6,941
Total		$2,566,648	$984,151	$1,582,497

NOTE 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the Career Center received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Career Center. The Career Center's investment portfolio and the investments of the pension and other employee benefit plan in which the Career Center 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. In addition, the impact on the Career Center's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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TRI-COUNTY CAREER CENTER

Schedule of the Career Center's Proportionate Share of Net Pension Liablity
Last Nine Measurement Periods (1)

	2021	2020	2019	2018
School Employees Retirement System of Ohio				
Career Center's Proportion of the Net Pension Liability	0.03614740%	0.03713400%	0.03794980%	0.03692420%
Career Center's Proportionate Share of the Net Pension Liability	$1,133,734	$2,456,121	$2,270,603	$2,114,717
Career Center's Covered-Employee Payroll	$1,213,143	$1,270,971	$1,262,936	$1,155,893
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	93.45%	193.25%	179.79%	182.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	69.50%
State Teachers Retirement System of Ohio				
Career Center's Proportion of the Net Pension Liability	0.03095393%	0.03045624%	0.03012592%	0.02975306%
Career Center's Proportionate Share of the Net Pension Liability	$3,957,739	$7,369,326	$6,662,166	$6,542,030
Career Center's Covered-Employee Payroll	$3,903,379	$3,809,350	$3,882,136	$3,661,114
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	101.39%	193.45%	171.61%	178.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.48%	77.40%	75.30%

(1) Information prior to 2013 is not available.

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

2017	2016	2015	2014	2013
0.03669100%	0.03957540%	0.04005780%	0.03936200%	0.03936200%
$2,192,206	$2,896,554	$2,285,737	$1,992,088	$2,340,732
$1,176,600	$1,228,964	$1,204,939	$1,362,468	$1,363,273
186.32%	235.69%	189.70%	146.21%	171.70%
69.50%	62.98%	69.16%	71.70%	65.52%
0.02876989%	0.02943524%	0.03079162%	0.02913008%	0.02913008%
$6,834,349	$9,852,862	$8,509,903	$7,085,444	$8,440,134
$3,229,093	$3,151,107	$3,191,050	$3,657,077	$3,541,500
211.65%	312.68%	266.68%	193.75%	238.32%
75.30%	66.80%	72.10%	74.70%	69.30%

TRI-COUNTY CAREER CENTER

Schedule of the Career Center's Proportionate Share of Net OPEB Liablity
Last Six Measurement Periods (1)

	2021	2020	2019
School Employees Retirement System of Ohio			
Career Center's Proportion of the Net OPEB Liability	0.03419290%	0.03439090%	0.03523160%
Career Center's Proportionate Share of the Net OPEB Liability	$647,129	$747,427	$886,001
Career Center's Covered-Employee Payroll	$1,213,143	$1,270,971	$1,262,936
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	53.34%	58.81%	70.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%
State Teachers Retirement System of Ohio			
Career Center's Proportion of the Net OPEB Liability	0.03095393%	0.03045624%	0.03012592%
Career Center's Proportionate Share of the Net OPEB Asset	$652,638	$535,268	$498,958
Career Center's Proportionate Share of the Net OPEB Liability	$0	$0	$0
Career Center's Covered-Employee Payroll	$3,903,379	$3,809,350	$3,882,136
Career Center's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	(16.72%)	(14.05%)	(12.85%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.7%	182.1%	174.7%

(1) Information prior to 2016 is not available.

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

	2018	2017	2016
	0.03449470%	0.03467400%	0.03467400%
	$956,976	$930,559	$988,337
	$1,155,893	$1,176,600	$1,228,964
	82.79%	79.09%	80.42%
	12.46%	12.46%	11.49%
	0.02975306%	0.02876989%	0.02876989%
	$478,101	$0	$0
	$0	$1,122,495	$1,538,621
	$3,661,114	$3,229,093	$3,151,107
	(13.06%)	34.76%	48.83%
	176.0%	47.10%	37.30%

TRI-COUNTY CAREER CENTER

Schedule of the Career Center Contributions

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2022	2021	2020	2019
Pension				
Contractually Required Contributions	$174,889	$169,840	$177,936	$170,496
Contributions in Relation to the Contractually Required Contributions	(174,889)	(169,840)	(177,936)	(170,496)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Career Center Covered-Employee Payroll	$1,249,207	$1,213,143	$1,270,971	$1,262,936
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.50%
OPEB				
Contractually Required Contributions (1)	$0	$0	$0	$6,315
Contributions in Relation to the Contractually Required Contributions	0	0	0	(6,315)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Career Center Covered-Employee Payroll	$1,249,207	$1,213,143	$1,270,971	$1,262,936
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.50%

(1) Excludes surcharge amounts.

2018	2017	2016	2015	2014	2013
$161,825	$164,724	$172,055	$158,811	$188,838	$188,677
(161,825)	(164,724)	(172,055)	(158,811)	(188,838)	(188,677)
$0	$0	$0	$0	$0	$0
$1,155,893	$1,176,600	$1,228,964	$1,204,939	$1,362,468	$1,363,273
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$5,994	$0	$0	$9,881	$1,907	$2,181
(5,994)	0	0	(9,881)	(1,907)	(2,181)
$0	$0	$0	$0	$0	$0
$1,155,893	$1,176,600	$1,228,964	$1,204,939	$1,362,468	$1,363,273
0.50%	0.00%	0.00%	0.82%	0.14%	0.16%

TRI-COUNTY CAREER CENTER

Schedule of the Career Center Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Pension				
Contractually Required Contributions	$535,615	$546,473	$533,309	$543,499
Contributions in Relation to the Contractually Required Contributions	(535,615)	(546,473)	(533,309)	(543,499)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Career Center Covered-Employee Payroll	$3,825,821	$3,903,379	$3,809,350	$3,882,136
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
Career Center Covered-Employee Payroll	$3,825,821	$3,903,379	$3,809,350	$3,882,136
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

2018	2017	2016	2015	2014	2013
$512,556	$452,073	$441,155	$446,747	$475,420	$460,395
(512,556)	(452,073)	(441,155)	(446,747)	(475,420)	(460,395)
$0	$0	$0	$0	$0	$0
$3,661,114	$3,229,093	$3,151,107	$3,191,050	$3,657,077	$3,541,500
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$3,657	$3,542
0	0	0	0	(3,657)	(3,542)
$0	$0	$0	$0	$0	$0
$3,661,114	$3,229,093	$3,151,107	$3,191,050	$3,657,077	$3,541,500
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:
2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018.
- Under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar year 2018, 2019 and 2020.

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2022: There were no changes in benefit terms for the period.

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

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- 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.

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

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO *(Continued)*

- Mortality among active members was updated to the following:
    - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.

- Mortality among service retired members, and beneficiaries was updated to the following:
    - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

Other Postemployment Benefits

Changes in benefit terms:
2017-2022: There were no changes in benefit terms for the period.

Changes in assumptions:
2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- 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.
- Mortality among disabled members was updated to the following:
    - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

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

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO *(Continued)*

- Payroll Growth Assumption was reduced from 3.5% to 3.25%
- Mortality among active members was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:
2017-2022: There were no changes in benefit terms for the period.

Changes in assumptions:

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

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- 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.
- Healthy and disabled mortality assumptions were updated to the following:
  - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

2022: Long term expected rate of return was reduced from 7.45% to 7.00%.

Other Postemployment Benefits

Changes in benefit terms:
2017: There were no changes in benefit terms for the period.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO *(Continued)*

2018: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

2020: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service effective January 1, 2020.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed to January 1, 2021.

2021: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.984% to 2.055% per year of service effective January 1, 2021.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2021.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed indefinitely.

2022: There were no changes in benefit terms for the period.

Changes in assumptions:

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

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO *(Continued)*

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

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- 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
- 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.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Discount rate was reduced from 7.45% to 7.00%.

TRI COUNTY CAREER CENTER
ATHENS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2022	$22,727
Cash Assistance:			
School Breakfast Program	10.553	2022	82,818
National School Lunch Program	10.555	2022	212,097
Cash Assistance Subtotal			294,915
Total Child Nutrition Cluster			317,642
Pandemic Electronic Benefit Transfer (EBT) Administrative Costs	10.649	2022	614
Total U. S. Department of Agriculture			318,256
U.S. DEPARTMENT OF LABOR			
Passed through Ohio Department of Job and Family Services			
WIOA Youth Activities	17.259	n/a	222
Passed through WIA Area 14			
COVID-19 Apprenticeship USA Grants	17.285	n/a	2,347
Total U. S. Department of Labor			2,569
FEDERAL COMMUNICATIONS COMMISSION			
Direct from Federal Government			
Emergency Connectivity Fund Program	32.009	n/a	27,890
Total Federal Communications Commission			27,890
U.S. DEPARTMENT OF EDUCATION			
Direct from Federal Government:			
Federal Pell Grant Program - Student Financial Assistance Cluster	84.063	2018	1,483
		2019	1,883
		2020	(7,888)
		2021	16,049
		2022	54,130
Total Federal Pell Grant Program - Student Financial Assistance Cluster			65,657
Passed Through Ohio Department of Education			
COVID-19: Education Stabilization Fund			
Higher Education Emergency Relief Fund for Institutions	84.425F	N/A	66,002
Higher Education Emergency Relief Fund for the Improvement of Post Secondary Education	84.425N	N/A	18,288
Higher Education Emergency Relief Fund for Student Aid Portion	84.425E	N/A	62,748
Total Higher Education Emergency Relief Fund			147,038
Governors Emergency Education Relief Fund	84.425C	2022	75,830
		2023	332
Total Governors Emergency Education Relief Fund			76,162
Elementary and Secondary School Emergency Relief Fund	84.425D	2022	87,477
Total COVID-19: Education Stabilization Fund			310,677
Career and Technical Education - Basic Grants to States	84.048	2021	5,857
		2022	263,064
			268,921

TRI COUNTY CAREER CENTER
ATHENS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Continued)

FEDERAL GRANTOR **Pass Through Grantor** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Federal Expenditures**
Passed Through Scioto County Career and Technical Center			
Career and Technical Education - Basic Grants to States	84.048	2022	28,734
Total Career and Technical Education - Basic Grants to States			297,655
Direct from Federal Government:			
Small Rural School Achievement Grant	84.358A	2021	12,343
		2022	30,893
Total Small Rural School Achievement Grant			43,236
Total U.S. Department of Education			717,225
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through Ohio Department of Job and Family Services			
Temporary Assistance for Needy Families Program (477 Cluster)	93.558	n/a	10,314
Total U.S. Department of Health and Human Services			10,314
Total Expenditures of Federal Awards			**$ 1,076,254**

The accompanying notes are an integral part of this Schedule.

TRI-COUNTY CAREER CENTER
ATHENS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b) (6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Tri-County Career Center (the Career Center) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Career Center, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Career Center.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

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OHIO AUDITOR OF STATE
KEITH FABER

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

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated January 31, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Career Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Career Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Career Center's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Career Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Career Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Career Center's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Corrective Action Plan. The Career Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Career Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

January 31, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tri-County Career Center, Athens County, Ohio (Career Center) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Tri-County Career Center's major federal programs for the year ended June 30, 2022. Tri-County Career Center's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the Tri-County Career Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Career Center and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Career Center's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Career Center's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Career Center's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Career Center's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Career Center's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Career Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Career Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Career Center's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

January 31, 2023

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TRI-COUNTY CAREER CENTER
ATHENS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

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)?**	Yes
(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):** • Career and Technical Education - Basic Grants to States, AL# 84.048 • Child Nutrition Cluster, AL# 10.555/10.553	
(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?**	No

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

FINDING NUMBER 2022-001

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022
(Continued)

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

FINDING NUMBER 2022-001 (Continued)

Material Weakness- Financial Reporting (Continued)

Certain transactions were recorded incorrectly resulting in material audit adjustments for the fiscal year ending June 30, 2022:

- The Business-Type Activities/Adult Education Fund revenues and expenses were overstated due to a transaction posted to cover negative balances in special cost centers. This resulted in a decrease to Other Operating Revenues/Miscellaneous and Other Operating Expenses by $34,739.
- Capital assets were not properly recorded due to construction in progress that was completed but not moved to buildings and depreciation was not properly calculated. This resulted in a decrease in Non-depreciable Capital Assets of $940,694, an increase in Depreciable Capital Assets, Net of $924,748, and an increase in Operation and Maintenance of Plant of $15,946.

These misstatements were caused by an error in posting an adjustment, an oversight in moving completed construction in progress to buildings, and incorrect entry of acquisition years by the appraisal company. As a result, adjustments, with which the Career Center's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Treasurer should review work performed by specialists and take additional care in assuring proper amounts are posted.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Tri-County
CAREER CENTER
High School & Adult Education
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness relating to financial reporting due to material audit adjustments. Adjustments were related to Capital Assets and Pension Obligations.	Partially Corrected	Pension and OPEB amounts were calculated correctly for the 6/30/2022 Audit Report. A long overdue appraisal of Capital Assets was conducted in June of 2021, and it has taken a significant amount of time get the reports accurate. The Treasurer has worked diligently with the Appraisal Company to prevent this finding on future audits.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	Capital Assets and Adult Education Adjustments
Anticipated Completion Date:	07/01/2023
Responsible Contact Person:	Rodney Schilling, Treasurer/CFO

The Treasurer will make future adjustments between the Adult Education Special Cost Centers as transfers-in and transfers-out to avoid overstating revenues and expenses in the Adult Education Fund. The Treasurer has also been in contact with the appraisal company to correct the Capital Asset reports as of 6/30/2022; a long overdue appraisal was conducted in June of 2021, and it has taken a significant amount of time get the reports accurate. The Treasurer inadvertently excluded the electrical lab and the corridor ceiling projects from the Capital Assets Listing because final walk-throughs, inspections and final payment did not occur until after 6/30/2022; final payment was made to the General Contractor on 8/3/2022. Construction-In-Progress will be reviewed carefully in the future to determine when a project should be posted to the Capital Asset Listing.

OHIO AUDITOR OF STATE
KEITH FABER

TRI-COUNTY CAREER CENTER

ATHENS 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 2/16/2023

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