VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Vanguard-Sentinel Career and Technology Centers
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District'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, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Classroom Facilities Maintenance funds 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 District, 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.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

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 District'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 District'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 District'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 net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 March 10, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District'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 District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2023

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The management's discussion and analysis of Vanguard-Sentinel Career and Technology Centers' (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position of governmental activities increased $2,509,975 which represents an increase of 5.72% from 2021's net position.

- General revenues accounted for $12,684,272 in revenue or 71.75% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $4,994,237 or 28.25% of total revenues of $17,678,509.

- The District had $15,168,534 in expenses related to governmental activities; $4,994,237 of these expenses were offset by program specific charges for services, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $12,684,272 were adequate to provide for these programs.

- The District's major governmental funds are the General fund, Classroom Facilities Maintenance fund, Permanent Improvement fund and Classroom Facilities fund. The General fund had $15,255,220 in revenues and $14,316,964 in expenditures and other financing uses. During fiscal year 2022, the General fund's fund balance increased $938,256 from a balance of $13,160,398 to $14,098,654.

- The Classroom Facilities Maintenance fund had $409,321 in revenues and $217,437 in expenditures. During fiscal year 2022, the Classroom Facilities Maintenance fund's fund balance increased $191,884 from $3,326,569 to $3,518,453.

- The Permanent Improvement fund had $1,517,959 in revenues and other financing sources and $2,548,735 in expenditures. During fiscal year 2022, the Permanent Improvement fund's fund balance decreased $1,030,776 from $4,540,636 to $3,509,860.

- During fiscal year 2022, the Classroom Facilities fund's fund balance remained a deficit of $98,171.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2022 and June 30, 2021.

Net Position

	Governmental Activities 2022	Governmental Activities 2021
Assets		
Current and other assets	$ 29,526,154	$ 28,567,568
Net OPEB asset	1,032,358	864,768
Capital assets, net	39,018,264	38,311,925
Total assets	69,576,776	67,744,261
Deferred outflows of resources		
Pension	3,164,800	2,588,108
OPEB	439,066	440,630
Total deferred outflows of resources	3,603,866	3,028,738
Liabilities		
Current liabilities	2,306,057	1,313,404
Long-term liabilities:		
Due within one year	518,462	537,172
Due in more than one year:		
Net pension liability	8,189,998	15,217,396
Net OPEB liability	1,011,443	1,081,717
Other amounts	1,811,798	2,141,946
Total liabilities	13,837,758	20,291,635
Deferred inflows of resources		
Property taxes levied for the next fiscal year	4,286,857	4,418,011
Pension	6,726,610	444,049
OPEB	1,860,810	1,706,464
Leases	45,792	-
Total deferred inflows of resources	12,920,069	6,568,524
Net Position		
Net investment in capital assets	36,435,761	36,500,517
Restricted	4,956,611	4,788,341
Unrestricted	5,030,443	2,623,982
Total net position	$ 46,422,815	$ 43,912,840

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $46,422,815.

At year-end, capital assets represented 56.08% of total assets. Capital assets include land, buildings and building improvements, furniture, fixtures and equipment, land improvements, and vehicles. Net investment in capital assets at June 30, 2022, was $36,435,761. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, $4,956,611 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a balance of $5,030,443.

The table below shows the change in net position for fiscal years 2022 and 2021.

Change in Net Position

	Governmental Activities 2022	Governmental Activities 2021
Revenues		
Program revenues:		
Charges for services and sales	$ 959,198	$ 1,427,911
Operating grants and contributions	4,035,039	3,547,138
General revenues:		
Property taxes	5,494,135	5,084,939
Payment in lieu of taxes	4,404	6,093
Grants and entitlements	7,051,177	6,586,036
Investment earnings	(239,485)	119,221
Other	374,041	345,258
Total revenues	17,678,509	17,116,596
Expenses		
Program expenses:		
Instruction:		
Regular	163,204	194,897
Special	70,595	57,111
Vocational	8,652,503	9,332,610
Adult/continuing	625,044	769,399
Support services:		
Pupil	793,210	969,081
Instructional staff	846,677	1,006,480
Board of education	63,692	73,262
Administration	1,022,876	1,145,442
Fiscal	554,474	596,610
Operations and maintenance	1,680,067	1,732,089
Pupil transportation	60,190	72,036
Central	261,037	180,949
Operations of non-instructional services:		
Other non-instructional services	66,423	66,423
Food service operations	177,649	131,805
Extracurricular activities	102,266	60,911
Interest and fiscal charges	28,627	36,578
Total expenses	15,168,534	16,425,683
Change in net position	2,509,975	690,913
Net position at beginning of year	43,912,840	43,221,927
Net position at end of year	$ 46,422,815	$ 43,912,840

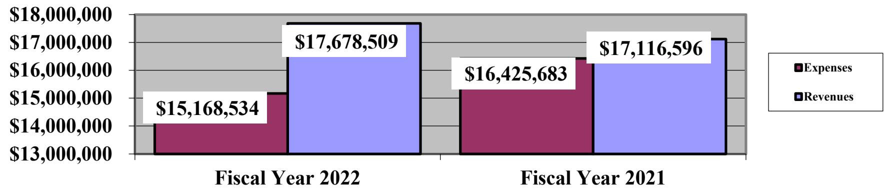
Governmental Activities

Net position of the District's governmental activities increased $2,509,975. Total governmental expenses of $15,168,534 were offset by program revenues of $4,994,237 and general revenues of $12,684,272. Program revenues supported 32.92% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes and unrestricted grants and entitlements. These revenue sources represent 70.99% of total governmental revenue.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2022 and 2021.

Governmental Activities - Revenues and Expenses



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

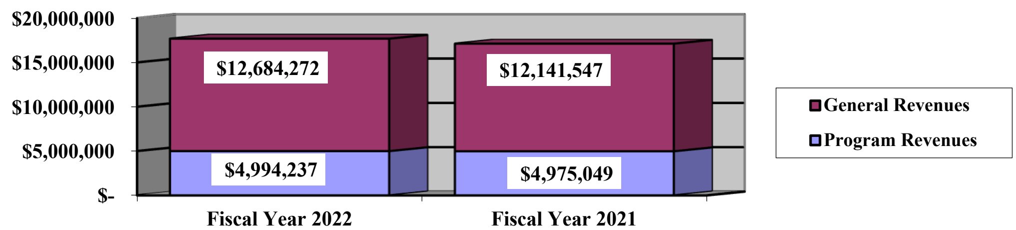
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses				
Instruction:				
Regular	$ 163,204	$ 163,204	$ 194,897	$ 194,897
Special	70,595	70,595	57,111	57,111
Vocational	8,652,503	5,200,854	9,332,610	5,858,628
Adult/continuing	625,044	(138,911)	769,399	34,459
Support services:				
Pupil	793,210	528,687	969,081	585,325
Instructional staff	846,677	742,339	1,006,480	908,318
Board of education	63,692	63,692	73,262	71,058
Administration	1,022,876	972,372	1,145,442	1,094,916
Fiscal	554,474	554,474	596,610	596,610
Operations and maintenance	1,680,067	1,616,581	1,732,089	1,620,945
Pupil transportation	60,190	60,190	72,036	72,036
Central	261,037	261,037	180,949	180,949
Operations of non-instructional services:				
Other non-instructional services	66,423	66,423	66,423	66,423
Food service operations	177,649	(24,813)	131,805	61,944
Extracurricular activities	102,266	8,946	60,911	10,437
Interest and fiscal charges	28,627	28,627	36,578	36,578
Total expenses	$ 15,168,534	$ 10,174,297	$ 16,425,683	$ 11,450,634

The dependence upon tax and other general revenues for governmental activities is apparent; 55.68% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 67.08%. The District's taxpayers and State funding are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2022 and 2021.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $21,824,538, which is greater than last year's total of $21,784,713. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance (deficit) June 30, 2022	Fund Balance (deficit) June 30, 2021	Change	Percentage Change
General	$ 14,098,654	$ 13,160,398	$ 938,256	7.13 %
Classroom Facilities Maintenance	3,518,453	3,326,569	191,884	5.77 %
Permanent Improvement	3,509,860	4,540,636	(1,030,776)	(22.70) %
Classroom Facilities	(98,171)	(98,171)	-	- %
Other Governmental	795,742	855,281	(59,539)	(6.96) %
Total	$ 21,824,538	$ 21,784,713	$ 39,825	0.18 %

General Fund

The District's General fund balance increased $938,256 or 7.13%.

The table that follows assists in illustrating the financial activities and fund balance of the General fund.

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	2022 Amount	2021 Amount	Change	Percentage Change
Revenues				
Taxes	$ 4,990,897	$ 4,571,912	$ 418,985	9.16 %
Tuition	132,322	531,684	(399,362)	(75.11) %
Earnings on investments	(215,342)	125,015	(340,357)	(272.25) %
Intergovernmental	9,577,921	8,980,760	597,161	6.65 %
Other revenues	769,422	797,319	(27,897)	(3.50) %
Total	$ 15,255,220	$ 15,006,690	$ 248,530	1.66 %
Expenditures				
Instruction	$ 7,852,459	$ 7,259,147	$ 593,312	8.17 %
Support services	4,896,397	4,782,518	113,879	2.38 %
Extracurricular activities	18,798	15,210	3,588	23.59 %
Debt service	29,310	37,244	(7,934)	(21.30) %
Total	$ 12,796,964	$ 12,094,119	$ 702,845	5.81 %

The District's revenues in fiscal year 2022 increased $248,530 or 1.66%. Tax revenue increased by $418,985 due to increased property tax receipts collected in the current fiscal year. Earnings on investment decreased $340,357 primarily due to negative changes in the market. Intergovernmental revenues increased $597,161 primarily due to an increase in grants received during the current fiscal year. Tuition revenue decreased $399,362 due to primarily to a decrease in open enrollment and state foundation funding. The District's expenditures increased $702,845 or 5.81% in the current fiscal year. Instruction services increased $593,312 primarily due to an increase in vocational expenditures of $586,878. All other revenues and expenditures remained comparable to the prior year.

Classroom Facilities Maintenance Fund

The Classroom Facilities Maintenance fund had $409,321 in revenues and $217,437 in expenditures. During fiscal year 2022, the Classroom Facilities Maintenance fund's fund balance increased $191,884 from $3,326,569 to $3,518,453.

Permanent Improvement Fund

The Permanent Improvement fund had $1,517,959 in revenues and other financing sources and $2,548,735 in expenditures. During fiscal year 2022, the Permanent Improvement fund's fund balance decreased $1,030,776 from $4,540,636 to $3,509,860.

Classroom Facilities Fund

During fiscal year 2022, the Classroom Facilities fund's fund balance remained a deficit of $98,171.

General Fund Budgeting Highlights

The District's budget is prepared per Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

During fiscal year 2022, the District amended its General fund budget several times. For the General fund, original budgeted revenues and other financing sources were $15,029,739 and final budgeted revenues and other financing sources were $15,373,873. Actual revenues and other financing sources for fiscal year 2022 were $16,018,891, which is $645,018 greater than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures including other financing uses) were $15,421,407 and the final appropriations were $17,159,189. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled $15,849,268, which was $1,309,921 less than the final budget appropriations, due to controls on spending.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $39,018,264 invested in land, construction in progress, buildings and building improvements, furniture, fixtures and equipment, land improvements, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2022 balances compared to June 30, 2021:

Capital Assets at June 30, 2022
(Net of Depreciation)

	Governmental Activities	
	2022	2021
Land	$ 795,737	$ 795,737
Construction in progress	1,413,856	-
Building and building improvements	35,890,935	36,596,893
Furniture, fixtures and equipment	873,483	893,637
Land Improvements	30,254	-
Vehicles	13,999	25,658
Total	$ 39,018,264	$ 38,311,925

The overall increase in capital assets of $706,339 is due to capital outlays of $2,441,706 being greater than depreciation expense of $1,735,367 in the fiscal year.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2022, the District had $1,295,000 in qualified school construction bond certificates of participation outstanding. Of this total, $425,000 is due within one year and $870,000 is due in more than one year. The following table summarizes the outstanding debt at year end.

Outstanding Debt, at Fiscal Year End

	Governmental Activities 2022	Governmental Activities 2021
2010 Certificates of Participation	$ 1,295,000	$ 1,710,000

At June 30, 2022, the District's overall legal debt margin was $356,035,814, and an unvoted debt margin of $3,955,953.

See Note 9 to the basic financial statements for additional information on the District's long-term obligations.

Current Financial Related Activities

Vanguard-Sentinel Career & Technology Centers remain financially stable despite the uncertainty of future State funding. The District is primarily a residential/farming community covering 13 public school districts in nine Northwest Ohio counties.

The District has maintained a strong financial position with revenues exceeding expenditures for many years. The District has not been on the ballot for operating funds since 1970. The current five-year forecast indicates the District will not need to request additional operating funds despite anticipating no significant additional funding from the State of Ohio in the foreseeable future.

Negotiations with certificated employees resulted in a new labor agreement to replace the current agreement which expired June 30, 2021. The new agreement covers three years, through June 30, 2024.

Contacting the District's Financial Management

This financial report is designed to provide our citizens taxpayers, and investors and creditors with a general overview of the District's finances and to show that the District is accountable for the money it receives. If you have questions about this report or need additional financial information contact Mr. Alex Binger, Treasurer, Vanguard-Sentinel Career and Technology Centers, 1306 Cedar Street, Fremont, Ohio 43420-1197, or email at abinger@vsctc.org.

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2022

		Governmental Activities
Assets:		
Equity in pooled cash and investments	$	22,955,099
Receivables:		
Property taxes		5,524,539
Accounts		18,621
Accrued interest		27,897
Intergovernmental		860,816
Prepayments		86,599
Inventory held for resale		6,832
Net OPEB asset		1,032,358
Leases receivable		45,751
Capital assets:		
Nondepreciable capital assets		2,209,593
Depreciable capital assets, net		36,808,671
Capital assets, net		39,018,264
Total assets		69,576,776
Deferred outflows of resources:		
Pension		3,164,800
OPEB		439,066
Total deferred outflows of resources		3,603,866
Liabilities:		
Accounts payable		8,067
Contracts payable		1,164,559
Retainage payable		122,944
Accrued wages and benefits payable		798,892
Intergovernmental payable		85,484
Pension and postemployment benefits		124,352
Accrued interest payable		1,759
Long-term liabilities:		
Due within one year		518,462
Due in more than one year:		
Net pension liability		8,189,998
Net OPEB liability		1,011,443
Other amounts due in more than one year		1,811,798
Total liabilities		13,837,758
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		4,286,857
Leases		45,792
Pension		6,726,610
OPEB		1,860,810
Total deferred inflows of resources		12,920,069
Net position:		
Net investment in capital assets		36,435,761
Restricted for:		
Capital projects		611,807
Classroom facilities maintenance		3,518,453
Adult education programs		531,237
Vocational education programs		135,223
State funded programs		33,739
Extracurricular		65,287
Food service operations		46,637
Other purposes		14,228
Unrestricted		5,030,443
Total net position	$	46,422,815

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 163,204	$ -	$ -	$ (163,204)
Special	70,595	-	-	(70,595)
Vocational	8,652,503	479,471	2,972,178	(5,200,854)
Adult/continuing	625,044	311,414	452,541	138,911
Support services:				
Pupil	793,210	-	264,523	(528,687)
Instructional staff	846,677	-	104,338	(742,339)
Board of education	63,692	-	-	(63,692)
Administration	1,022,876	-	50,504	(972,372)
Fiscal	554,474	-	-	(554,474)
Operations and maintenance	1,680,067	61,236	2,250	(1,616,581)
Pupil transportation	60,190	-	-	(60,190)
Central	261,037	-	-	(261,037)
Operation of non-instructional services:				
Food service operations	177,649	19,451	183,011	24,813
Other non-instructional services	66,423	-	-	(66,423)
Extracurricular activities	102,266	87,626	5,694	(8,946)
Interest and fiscal charges	28,627	-	-	(28,627)
Totals	$ 15,168,534	$ 959,198	$ 4,035,039	(10,174,297)
General revenues:				
Property taxes levied for:				
General purposes				5,084,814
Classroom facilities maintenance				409,321
Payments in lieu of taxes				4,404
Grants and entitlements not restricted to specific programs				7,051,177
Investment earnings				(239,485)
Miscellaneous				374,041
Total general revenues				12,684,272
Change in net position				2,509,975
Net position at beginning of year				43,912,840
Net position at end of year				$ 46,422,815

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Classroom Facilities Maintenance	Permanent Improvement	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Equity in pooled cash						
and investments	$ 13,698,063	$ 3,518,453	$ 4,797,404	$ 50,000	$ 891,179	$ 22,955,099
Receivables:						
Property taxes	5,524,539	-	-	-	-	5,524,539
Accounts	1,723	-	-	-	16,898	18,621
Accrued interest	27,438	-	459	-	-	27,897
Interfund loans	50,000	-	-	-	-	50,000
Intergovernmental	78,263	-	-	709,978	72,575	860,816
Leases	-	-	45,751	-	-	45,751
Prepayments	82,640	-	-	-	3,959	86,599
Inventory held for resale	-	-	-	-	6,832	6,832
Due from other funds	53,186	-	-	-	-	53,186
Advances to other funds	98,171	-	-	-	-	98,171
Total assets	$ 19,614,023	$ 3,518,453	$ 4,843,614	$ 759,978	$ 991,443	$ 29,727,511
Liabilities:						
Accounts payable	$ 6,691	$ -	$ -	$ -	$ 1,376	$ 8,067
Contracts payable	-	-	1,164,559	-	-	1,164,559
Retainage payable	-	-	122,944	-	-	122,944
Accrued wages and benefits payable	686,435	-	-	-	112,457	798,892
Intergovernmental payable	83,994	-	-	-	1,490	85,484
Pension and postemployment benefits	97,160	-	-	-	27,192	124,352
Interfund loans payable	-	-	-	50,000	-	50,000
Due to other funds	-	-	-	-	53,186	53,186
Advance from other funds	-	-	-	98,171	-	98,171
Total liabilities	874,280	-	1,287,503	148,171	195,701	2,505,655
Deferred inflows of resources:						
Property taxes levied for the next fiscal year	4,286,857	-	-	-	-	4,286,857
Delinquent property tax revenue not available	343,951	-	-	-	-	343,951
Intergovernmental revenue not available	-	-	-	709,978	-	709,978
Accrued interest not available	10,281	-	459	-	-	10,740
Leases	-	-	45,792	-	-	45,792
Total deferred inflows of resources	4,641,089	-	46,251	709,978	-	5,397,318
Fund balances:						
Nonspendable:						
Prepaids	82,640	-	-	-	3,959	86,599
Long-term loans	98,171	-	-	-	-	98,171
Restricted:						
Adult education	-	-	-	-	561,875	561,875
Classroom facilities maintenance	-	3,518,453	-	-	-	3,518,453
Food service operations	-	-	-	-	56,291	56,291
Student wellness and success	-	-	-	-	33,484	33,484
Federally funded programs	-	-	-	-	24,700	24,700
Vocational education	-	-	-	-	110,523	110,523
Extracurricular	-	-	-	-	65,287	65,287
Other purposes	-	-	-	-	14,228	14,228
Assigned:						
Student instruction	763,271	-	-	-	-	763,271
Student and staff support	238,239	-	-	-	-	238,239
Subsequent year's appropriations	372,987	-	-	-	-	372,987
Debt service	-	-	1,295,000	-	-	1,295,000
Capital improvements	-	-	2,214,860	-	-	2,214,860
Other purposes	164,122	-	-	-	-	164,122
Unassigned (deficit)	12,379,224	-	-	(98,171)	(74,605)	12,206,448
Total fund balances (deficit)	14,098,654	3,518,453	3,509,860	(98,171)	795,742	21,824,538
Total liabilities, deferred inflows and fund balances	$ 19,614,023	$ 3,518,453	$ 4,843,614	$ 759,978	$ 991,443	$ 29,727,511

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total governmental fund balances		$ 21,824,538
Amounts reported for governmental activities on 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.		39,018,264
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 343,951	
Accrued interest receivable	10,740	
Intergovernmental receivable	709,978	
Total		1,064,669
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(1,759)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	3,164,800	
Deferred inflows - pension	(6,726,610)	
Net pension liability	(8,189,998)	
Deferred outflows - OPEB	439,066	
Deferred inflows - OPEB	(1,860,810)	
Net OPEB asset	1,032,358	
Net OPEB liability	(1,011,443)	
Total		(13,152,637)
Long-term liabilities, including certifications of participation, are not due and payable in the current period and therefore are not reported in the funds.		
2010 Certifications of participation	(1,295,000)	
Compensated absences	(1,035,260)	
Total		(2,330,260)
Net position of governmental activities		$ 46,422,815

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Classroom Facilities Maintenance	Permanent Improvement	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	$ 4,990,897	$ 409,321	$ -	$ -	$ -	$ 5,400,218
Intergovernmental	9,577,921	-	-	-	1,533,499	11,111,420
Earnings on investments	(215,342)	-	551	-	67	(214,724)
Tuition and fees	132,322	-	-	-	311,414	443,736
Extracurricular	-	-	-	-	87,626	87,626
Rental income	43,828	-	17,408	-	-	61,236
Charges for services	74,021	-	-	-	19,451	93,472
Contributions and donations	1,969	-	-	-	5,694	7,663
Payment in lieu of taxes	4,404	-	-	-	-	4,404
Miscellaneous	645,200	-	-	-	-	645,200
Total revenues	15,255,220	409,321	17,959	-	1,957,751	17,640,251
Expenditures:						
Current:						
Instruction:						
Regular	185,712	-	-	-	-	185,712
Special	78,914	-	-	-	-	78,914
Vocational	7,587,833	-	-	-	347,810	7,935,643
Adult/continuing	-	-	-	-	909,293	909,293
Support services:						
Pupil	522,247	-	-	-	323,929	846,176
Instructional staff	834,774	-	-	-	107,734	942,508
Board of education	69,336	-	-	-	-	69,336
Administration	1,054,687	-	-	-	52,941	1,107,628
Fiscal	584,096	-	-	-	-	584,096
Operations and maintenance	1,504,670	217,437	-	-	27,278	1,749,385
Pupil transportation	54,109	-	-	-	-	54,109
Central	272,478	-	-	-	-	272,478
Operation of non-instructional services:						
Food service operations	-	-	-	-	177,611	177,611
Extracurricular activities	18,798	-	-	-	90,694	109,492
Facilities acquisition and construction	-	-	2,133,735	-	-	2,133,735
Debt service:						
Principal retirement	-	-	415,000	-	-	415,000
Interest and fiscal charges	29,310	-	-	-	-	29,310
Total expenditures	12,796,964	217,437	2,548,735	-	2,037,290	17,600,426
Excess of revenues over (under) expenditures	2,458,256	191,884	(2,530,776)	-	(79,539)	39,825
Other financing sources (uses):						
Transfers in	-	-	1,500,000	-	20,000	1,520,000
Transfers (out)	(1,520,000)	-	-	-	-	(1,520,000)
Total other financing sources (uses)	(1,520,000)	-	1,500,000	-	20,000	-
Net change in fund balances	938,256	191,884	(1,030,776)	-	(59,539)	39,825
Fund balances (deficit) at beginning of year	13,160,398	3,326,569	4,540,636	(98,171)	855,281	21,784,713
Fund balances (deficit) at end of year	$ 14,098,654	$ 3,518,453	$ 3,509,860	$ (98,171)	$ 795,742	$ 21,824,538

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds		$ 39,825
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.		
Capital asset additions	$ 2,441,706	
Current year depreciation	(1,735,367)	
Total		706,339
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	93,917	
Earnings on investments	(24,694)	
Intergovernmental	(30,965)	
Total		38,258
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		415,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable		683
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,106,594	
OPEB	13,446	
Total		1,120,040
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	214,935	
OPEB	68,508	
Total		283,443
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(93,613)
Change in net position of governmental activities		$ 2,509,975

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 5,145,023	$ 5,017,905	$ 5,228,434	$ 210,529
Payment in lieu of taxes	1,395	1,395	4,404	3,009
Tuition	-	-	7,371	7,371
Earnings on investments	225,000	310,765	323,803	13,038
Classroom materials and fees	100,000	56,223	58,582	2,359
Rental income	44,698	42,898	44,698	1,800
Other local revenues	535,414	593,185	615,122	21,937
Intergovernmental - state	8,878,038	9,342,290	9,726,879	384,589
Total revenues	14,929,568	15,364,661	16,009,293	644,632
Expenditures:				
Current:				
Instruction:				
Regular	180,004	192,689	191,974	715
Special	76,704	105,267	84,265	21,002
Vocational	8,297,503	9,367,133	8,386,598	980,535
Support services:				
Pupil	539,289	541,424	527,277	14,147
Instructional staff	976,807	874,903	835,970	38,933
Board of education	121,989	122,490	113,854	8,636
Administration	1,129,181	1,140,493	1,073,376	67,117
Fiscal	613,931	627,386	604,774	22,612
Operations and maintenance	1,646,279	1,800,010	1,667,013	132,997
Pupil transportation	75,492	97,500	80,373	17,127
Central	270,608	275,729	269,919	5,810
Extracurricular activities	5,000	5,000	4,744	256
Debt service:				
Interest and fiscal charges	29,299	29,344	29,310	34
Total expenditures	13,962,086	15,179,368	13,869,447	1,309,921
Excess of revenues over expenditures	967,482	185,293	2,139,846	1,954,553
Other financing sources (uses):				
Refund of prior year's receipts	-	(500)	(500)	-
Transfers (out)	(1,409,321)	(1,929,321)	(1,929,321)	-
Advances in	98,171	-	-	-
Advances (out)	(50,000)	(50,000)	(50,000)	-
Sale of capital assets	2,000	9,212	9,598	386
Total other financing sources (uses)	(1,359,150)	(1,970,609)	(1,970,223)	386
Net change in fund balance	(391,668)	(1,785,316)	169,623	1,954,939
Fund balance at beginning of year	12,038,978	12,038,978	12,038,978	-
Prior year encumbrances appropriated	631,219	631,219	631,219	-
Fund balance at end of year	$ 12,278,529	$ 10,884,881	$ 12,839,820	$ 1,954,939

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CLASSROOM FACILITIES MAINTENANCE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Expenditures:				
Support services:				
Operations and maintenance	$ 225,548	$ 575,548	$ 286,816	$ 288,732
Other financing sources:				
Transfers in	409,321	409,321	409,321	-
Net change in fund balance	183,773	(166,227)	122,505	288,732
Fund balance at beginning of year	3,244,353	3,244,353	3,244,353	-
Prior year encumbrances appropriated	93,548	93,548	93,548	-
Fund balance at end of year	$ 3,521,674	$ 3,171,674	$ 3,460,406	$ 288,732

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITIY

Vanguard-Sentinel Career and Technology Centers (the District) are 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. The District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The District operates under an appointed Board of Education consisting of 13 members. Each participating exempted village, local and city school district has one representative on the Board of Education. The District provides educational services as authorized by State statute and/or Federal guidelines.

The District was established in 1965 for the purpose of providing vocational education to students in Sandusky County. Clyde, Fremont, Gibsonburg, and Lakota School Districts were the initial districts. The first students attended the District in September 1968. Port Clinton City School District joined in 1971 and Old Fort in 1975. In 1985, a new building was opened in Tiffin, Ohio to provide vocational education to students in Seneca and Wyandot counties. Member districts of the Sentinel Career Center in Tiffin are: Fostoria, Hopewell-Loudon, Mohawk, New Riegel, Seneca East, Tiffin City and Upper Sandusky schools.

The District serves an area of approximately 1,600 square miles with an enrollment of 1,087 students. The District employed 14 administrative and supervisory personnel, 78 certified employees and 44 non-certified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

JOINTLY GOVERNED ORGANIZATIONS

The Northern Ohio Educational Computer Association
The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-nine school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school and representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating schools are located. The degree of control exercised by any participating school is limited to its representation on the Board. The District paid $11,128 to NOECA for services during fiscal year 2022. Financial information can be obtained by contacting Matthew Bauer, who serves as controller, at 219 Howard Drive, Sandusky, Ohio 44870.

INSURANCE POOLS

Better Business Bureau of Central Ohio's Workers' Compensation Group Retrospective Rating Plan
The District participates in the Better Business Bureau Group Retrospective Rating Plan Program (the GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by Sheakley Uniservice Inc. Sheakley Uniservice Inc. serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. Refer to Note 10 for further information on the GRP.

San-Ott Schools Employee Welfare Benefit Association
The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Districts joined together to form the San-Ott Schools Employee Welfare Benefit Association (the Association), whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The District pays premiums to the Association based upon the benefits structure selected. The Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of $150,000 and aggregate claims in excess of 120 percent of expected claims. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent, treasurer, or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services.

B. Basis of Presentation and Measurement Focus

The District's basic financial statements consist 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

C. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary or fiduciary funds.

GOVERNMENTAL FUNDS

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

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

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

Permanent Improvement Fund - The Permanent Improvement fund accounts for resources transferred from the General fund to be used for acquisition, construction, or improvement of capital facilities.

Classroom Facilities Fund - The Classroom Facilities fund is used to account for financial resources and expenditures related to the school facilities construction and renovation project.

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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.

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, See Notes 11 and 12 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

For the District, See Notes 11 and 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level within each fund. Any budgetary modifications at this level may only be made by the Board. Budgetary allocations at the function level within a fund are made by the District Treasurer.

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

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

F. Cash and Investments

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

During fiscal year 2022, investments were limited to negotiable and non-negotiable certificates of deposit, investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), commercial paper, U.S. Government money markets, U.S. Treasury notes, municipal bonds, and federal securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. 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 ($215,342), which includes ($86,935) assigned from other District funds.

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

G. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

H. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. Inventory is recorded as an expenditure/expense when used.

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

Inventory consists of donated and purchased food.

I. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2022, the balance in the budget stabilization reserve was $615,909. This amount is included in unassigned fund balance of the General fund and in unrestricted net position on the statement of net position.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The District maintains a capitalization threshold of two-thousand-dollars. The District does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

Description	Useful Lives
Buildings and Building Improvements	40 years
Furniture, Fixtures and Equipment	5 - 15 years
Vehicles	5 years

K. Interfund Balances

On fund financial statements, receivables and payables resulting from long-term and short-term interfund loans are classified as “advance to/from other funds” and “due to/from other funds", respectively. These amounts are eliminated in the governmental activities’ column on the statement of net position.

L. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, “Accounting for Compensated Absences”. Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. The District records a liability for accumulated unused sick leave for all employees with at least twenty years of service or any amount of service and at least forty-five years of age.

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

For 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.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on 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, compensated absences and contractually required pension contributions that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Certificates of participation are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

N. Net Position

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

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

O. Fund Balance

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

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

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

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

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

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

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

P. Interfund Activity

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

Interfund activities between governmental funds are eliminated in the statement of activities.

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

S. Fair Market Value

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

T. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the District has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*", GASB Implementation Guide 2020-1, "*Implementation Guide Update - 2020*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", 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 paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

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

Major fund	Deficit
Classroom Facilities	$ 98,171
Nonmajor funds	
Adult basic education fund	758
GEER fund	29,207
Vocational education	44,014

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

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

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

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

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

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

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

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the District had $617 in undeposited cash on hand, which includes $542 in change funds. These monies are included on the financial statements of the District as part of "equity in pooled cash and investments."

B. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was $3,282,397, which includes $2,050,987 in non-negotiable certificates of deposit, and the bank balance of all District deposits was $3,426,287. Of the bank balance, $2,300,987 was covered by the FDIC and $1,125,300 was collateralized by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

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C. Investments

As of June 30, 2022, the District had the following investments and maturity:

Measurement/ Investment type	Measurement Amount	Investment Maturities: 6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Amortized:						
STAR Ohio	$ 5,513,751	$ 5,513,751	$ -	$ -	$ -	$ -
Fair Value:						
U.S. Treasury notes	540,612	-	-	-	-	540,612
Municipal bonds	1,180,251	233,287	-	-	-	946,964
FHLB	1,350,540	-	-	305,797	420,917	623,826
FHLMC	938,753	-	-	481,478	-	457,275
FFCB	560,095	-	-	-	-	560,095
Commercial paper	5,870,704	3,622,046	2,248,658	-	-	-
Negotiable CD's	3,693,748	493,999	1,980,535	-	978,884	240,330
U.S. Government money market	23,631	23,631	-	-	-	-
Total	$ 19,672,085	$ 9,886,714	$ 4,229,193	$ 787,275	$ 1,399,801	$ 3,369,102

The weighted average maturity of investments is 0.92 years.

The District’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

The District’s investments in federal agency securities (FHLB, FHLMC, and FFCB), negotiable certificates of deposit, municipal bonds, U.S. Treasury notes and commercial paper are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: The District’s investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Moody’s Investor Services and Standard & Poor’s, respectively. Standard & Poor’s has assigned STAR Ohio an AAAm money market rating. Commercial paper investments were rated A-1+ or A-1 by Standard & Poor’s and P-1 by Moody’s Investor Services. Municipal bond investments were rated A+ or AA by Standard & Poor’s and Aa2 by Moody’s Investor Services. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The U.S. Government money market was not rated. The negotiable certificates of deposit are fully covered by FDIC and are not rated. The District’s investment policy does not address investment credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The federal agency securities, U.S. Treasury notes, municipal bonds and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. Requirements in State statute prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board or qualified trustee.

Concentration of Credit Risk: The District places no dollar limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

Measurement/ Investment type	Measurement Amount	% of Total
STAR Ohio	$ 5,513,751	28.03
Municipal bonds	1,180,251	6.00
FHLB	1,350,540	6.87
FHLMC	938,753	4.77
FFCB	560,095	2.85
U.S. Treasury note	540,612	2.75
Commercial paper	5,870,704	29.83
Negotiable CD's	3,693,748	18.78
U.S. Government money market	23,631	0.12
Total	$ 19,672,085	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2022:

Cash and investments per note	
Carrying amount of deposits	$ 3,282,397
Investments	19,672,085
Cash on hand	617
Total	$ 22,955,099
Cash and investments per statement of net position	
Governmental activities	$ 22,955,099

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2022 as reported on the fund financial statements, consist of the following individual advances due to other fund, advances due from other fund, interfund loan payable/receivable, due to other fund, and due from other fund:

Fund advanced from	Payable fund advanced to	Amount
General fund	Classroom Facilities fund	$ 98,171

Interfund loan receivable	Interfund loan payable	Amount
General fund	Classroom Facilities fund	$ 50,000

Balance due from other funds	Balances due to other funds	Amount
General fund	Nonmajor governmental funds	$ 53,186

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Since a portion of the interfund balance to the Classroom Facilities fund is not expected to be repaid within one year, that balance is considered to be a long-term advance due to other fund and advance due from other fund. All other interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2022 are reported on the statement of net position.

B. Interfund transfers for the year ended June 30, 2022, consisted of the following, as reported on the fund financial statements:

Transfers from General fund to:	Amount
Permanent Improvement fund	$ 1,500,000
Nonmajor governmental funds	20,000
Total	$ 1,520,000

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, and (2) use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from nine counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was $893,731 in the General fund. This amount is recorded as revenue. The amount available for advance at June 30, 2021 was $721,947 in the General fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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	$ 3,098,157,570	83.03	$ 3,301,438,580	83.45
Public utility personal	633,408,780	16.97	654,514,910	16.55
Total	$ 3,731,566,350	100.00	$ 3,955,953,490	100.00
Tax rate per $1,000 of assessed valuation	$1.60		$1.60	

NOTE 7 - RECEIVABLES

A. Governmental Receivables

Receivables at June 30, 2022 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	$ 5,524,539
Accounts	18,621
Accrued interest	27,897
Intergovernmental	860,816
Total	$ 6,431,873

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

B. Leases Receivable

The District is reporting leases receivable of $45,751 in the Permanent Improvement fund. For fiscal year 2022, the District recognized lease revenue of $9,199, which is reported in rental income, and interest revenue of $551.

The District has entered into a lease agreement for farmland with a local businessman with terms as follows:

Company	Lease Commencement Date	Years	Lease End Date	Payment Method
Local farmer	2022	3	2025	Semi-annually

Lease payments will be paid into the Permanent Improvement fund. The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2023	$ 17,767	$ 1,733	$ 19,500
2024	18,491	1,009	19,500
2025	9,493	256	9,749
Total	$ 45,751	$ 2,998	$ 48,749

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NOTE 8 - CAPITAL ASSETS

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

	Balance 06/30/21	Additions	Deductions	Balance 06/30/22
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 795,737	$ -	$ -	$ 795,737
Construction in progress	-	1,413,856	-	1,413,856
Total capital assets, not being depreciated	795,737	1,413,856	-	2,209,593
Capital assets, being depreciated:				
Land improvements	-	30,942	-	30,942
Buildings and building improvements	53,821,832	722,736	-	54,544,568
Furniture, fixtures and equipment	5,805,376	264,454	(103,096)	5,966,734
Vehicles	975,539	9,718	-	985,257
Total capital assets, being depreciated	60,602,747	1,027,850	(103,096)	61,527,501
Less: accumulated depreciation				
Land improvements	-	(688)	-	(688)
Buildings and building improvements	(17,224,939)	(1,428,694)	-	(18,653,633)
Furniture, fixtures and equipment	(4,911,739)	(284,608)	103,096	(5,093,251)
Vehicles	(949,881)	(21,377)	-	(971,258)
Total accumulated depreciation	(23,086,559)	(1,735,367)	103,096	(24,718,830)
Governmental activities capital assets, net	$ 38,311,925	$ 706,339	$ -	$ 39,018,264

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	$ 1,497,302
Adult/continuing	43,188
Support services:	
Pupil	7,067
Administration	14,962
Fiscal	10,383
Operations and maintenance	75,950
Pupil transportation	9,677
Operation of non-instructional services	66,423
Food service operations	10,415
Total depreciation expense	$ 1,735,367

NOTE 9 - LONG-TERM OBLIGATIONS

During fiscal year 2022, the following changes occurred in governmental activities long-term obligations.

	Balance 06/30/21	Additions	Reductions	Balance 06/30/22	Amounts Due in One Year
Governmental activities:					
2010 Certificates of participation - direct borrowing	$ 1,710,000	$ -	$ (415,000)	$ 1,295,000	$ 425,000
Net pension liability	15,217,396	-	(7,027,398)	8,189,998	-
Net OPEB liability	1,081,717	-	(70,274)	1,011,443	-
Compensated absences	969,118	188,314	(122,172)	1,035,260	93,462
Total long-term obligations, governmental activities	$ 18,978,231	$ 188,314	$ (7,634,844)	$ 11,531,701	$ 518,462

<u>2010 Certificates of Participation</u> - On December 18, 2009, the District issued certificates of participation in the amount of $5,783,812, to construct and renovate buildings. The Certificates of Participation are considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. The debt was issued in accordance with the American Recovery and Reinvestment Act of 2009, which provides for federal tax credits for the holders of debt in lieu of interest payments. This reduces the issuers cost of borrowing. This debt was issued for a fifteen-year period, with final maturity during fiscal year 2025. The debt will be retired through the Permanent Improvement Capital Projects fund.

The debt maturing on December 16, 2024 is subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal and interest amounts as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$ 425,000	$ 21,109	$ 446,109
2024	430,000	12,773	442,773
2025	440,000	4,290	444,290
Total	$ 1,295,000	$ 38,172	$ 1,333,172

<u>Net Pension Liability</u>: The District's net pension liability is described in Note 11. The District pays obligations related to employee compensation from the fund benefitting from their service.

<u>Net OPEB Liability</u>: The District's net OPEB liability is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service.

<u>Compensated Absences</u>: Compensated absences will be paid from the General fund, Food Service, Adult Education, Adult Basic Education and Vocational Education Special Revenue funds.

Legal Debt Margin: The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of $356,035,814 and an unvoted debt margin of $3,955,953.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District contracted for the following insurance coverage:

Coverage provided by Markel Insurance Company.

Buildings and Contents - replacement costs ($1,000 deductible)	
Commercial Auto Coverage	
Liability	$1,000,000
Uninsured/Underinsured Motorist	1,000,000
Medical Payments	5,000
General Liability	
Bodily Injury and Property Damage	1,000,000
Products/Completed Operations	2,000,000
Personal and Advertising Injury	1,000,000
Each Occurrence Limit	1,000,000
Damage to Premises Rented	1,000,000
Employers Benefits	Included
Educators' Legal Liability	
Each Wrongful Act	1,000,000
Annual Aggregate	1,000,000
Excess Liability Each Occurrence/Annual Aggregate	4,000,000

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

The District participated in the Sheakley/Better Business Bureau of Central Ohio's Workers' Compensation Group Retrospective Rating Program (GRP). The intent of the GRP program is to achieve the benefit of a reduced net premium for the District by virtue of its grouping and representation with other participants in the program. The program differs from a group rating plan in that the District pays its initial premiums based on the individual rating of the District and then earns refunds distributed over a three-year period based on the performance of the entire group of participants. Employer membership in the group is limited to schools and libraries.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $287,149 for fiscal year 2022. Of this amount, $13,446 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% 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% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $819,445 for fiscal year 2022. Of this amount, $84,589 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.050068900%	0.049204480%	
Proportion of the net pension liability current measurement date	0.052295700%	0.048963615%	
Change in proportionate share	0.002226800%	-0.000240865%	
Proportionate share of the net pension liability	$ 1,929,560	$ 6,260,438	$ 8,189,998
Pension expense	$ (13,772)	$ (201,163)	$ (214,935)

At June 30, 2022, the District 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	$ 185	$ 193,420	$ 193,605
Changes of assumptions	40,631	1,736,760	1,777,391
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	85,909	1,301	87,210
Contributions subsequent to the measurement date	287,149	819,445	1,106,594
Total deferred outflows of resources	$ 413,874	$ 2,750,926	$ 3,164,800

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 50,041	$ 39,241	$ 89,282
Net difference between projected and actual earnings on pension plan investments	993,781	5,395,298	6,389,079
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	248,249	248,249
Total deferred inflows of resources	$ 1,043,822	$ 5,682,788	$ 6,726,610

$1,106,594 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

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	$ (188,300)	$ (1,018,824)	$ (1,207,124)
2024	(187,483)	(826,520)	(1,014,003)
2025	(236,285)	(821,948)	(1,058,233)
2026	(305,029)	(1,084,015)	(1,389,044)
Total	$ (917,097)	$ (3,751,307)	$ (4,668,404)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates 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 94.2% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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 arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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 was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 3,210,313	$ 1,929,560	$ 849,444

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 11,723,458	$ 6,260,438	$ 1,644,199

Changes Between Measurement Date and 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/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was $13,446.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $13,446 for fiscal year 2022. Of this amount, $13,446 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 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 District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.049772400%	0.049204480%	
Proportion of the net OPEB liability/asset current measurement date	0.053442500%	0.048963615%	
Change in proportionate share	0.003670100%	-0.000240865%	
Proportionate share of the net OPEB liability	$ 1,011,443	$ -	$ 1,011,443
Proportionate share of the net OPEB asset	$ -	$ (1,032,358)	$ (1,032,358)
OPEB expense	$ 16,943	$ (85,451)	$ (68,508)

At June 30, 2022, the District 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	$ 10,779	$ 36,759	$ 47,538
Changes of assumptions	158,670	65,943	224,613
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	153,156	313	153,469
Contributions subsequent to the measurement date	13,446	-	13,446
Total deferred outflows of resources	$ 336,051	$ 103,015	$ 439,066

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 503,742	$ 189,145	$ 692,887
Net difference between projected and actual earnings on OPEB plan investments	21,972	286,150	308,122
Changes of assumptions	138,509	615,879	754,388
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	68,594	36,819	105,413
Total deferred inflows of resources	$ 732,817	$ 1,127,993	$ 1,860,810

$13,446 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

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	$ (87,607)	$ (295,321)	$ (382,928)
2024	(87,761)	(288,159)	(375,920)
2025	(103,351)	(280,189)	(383,540)
2026	(92,538)	(121,630)	(214,168)
2027	(37,725)	(40,600)	(78,325)
Thereafter	(1,230)	921	(309)
Total	$ (410,212)	$ (1,024,978)	$ (1,435,190)

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.

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. 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% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The most recent experience study was completed for the five-year period ended June 30, 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 2015 through 2020 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 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%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% 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 SERS 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% at June 30, 2021 and 2.45% at June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and 1 percentage point higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and 1 percentage point higher (7.75% decreasing to 5.4%) than the current rate (6.75% decreasing to 4.4%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,253,300	$ 1,011,443	$ 818,230

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 778,728	$ 1,011,443	$ 1,322,279

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.45%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

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

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.1%. 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 CY2022. 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 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 geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS’ investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 871,150	$ 1,032,358	$ 1,167,022

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,161,566	$ 1,032,358	$ 872,580

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred days for teachers and two hundred forty days for classified and administrative personnel. Upon retirement, payment is made for twenty-six percent (26%) for teachers and twenty-eight percent (28%) for classified and administrative personnel of the value of employee's accrued but unused sick leave days. Employees must have seven years of service in the District.

B. Health Care Benefits

The District provides medical, prescription drug, dental and life insurance benefits to all employees through the San-Ott Schools Employee Welfare Benefit Association.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,

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

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the General fund and Classroom Facilities Maintenance fund is as follows:

Net Change in Fund Balance

	General fund	Classroom Facilities Maintenance fund
Budget basis	$ 169,623	$ 122,505
Net adjustment for revenue accruals	(864,932)	409,321
Net adjustment for expenditure accruals	207,185	11,332
Net adjustment for other sources/uses	450,223	(409,321)
Funds budgeted elsewhere	(4,801)	-
Adjustment for encumbrances	980,958	58,047
GAAP basis	$ 938,256	$ 191,884

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the Uniform School Supplies fund, Rotary Special Services fund and Public School Support fund.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2022 have been finalized and resulted in an immaterial receivable from ODE in the amount of $811.

NOTE 16 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2021	$ -
Current year set-aside requirement	124,208
Current year qualifying expenditures	(124,208)
Total	$ -
Balance carried forward to fiscal year 2023	$ -
Set-aside balance June 30, 2022	$ -

In prior fiscal years, the District issued $5,783,812 in capital related school improvement notes. These proceeds may be used to reduce the capital improvements set-aside amount to zero for future years. The amount presented for prior year offset from note proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to $0. The District is responsible for tracking the amount of note proceeds that may be used as an offset in future periods, which was $5,783,812 at June 30, 2022.

NOTE 17 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	$ 993,039
Permanent Improvement	1,707,374
Classroom Facilities Maintenance	58,047
Classroom Facilities	3,362
Nonmajor governmental	54,296
Total	$ 2,816,118

NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Community Reinvestment Areas

Wyandot County, Seneca County, and Ottawa County provides tax abatements through Community Reinvestment Areas (CRAs).

Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The CRA agreements entered into by the governments affect the property tax receipts collected and distributed to the District. Under these agreements, the District's property taxes were reduced by $13,991.

Enterprise Zones

Wyandot County, Ottawa County, Seneca County, and City of Tiffin entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by $3,086 during fiscal year 2022.

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. During fiscal year 2022, the District received Governor's Emergency Education Relief Funding, Child Nutrition Cluster, and Pandemic EBT Administrative Costs.

The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

NOTE 20 – CONTRACTUAL COMMITMENTS

As of June 30, 2022, the District had contractual commitments for construction projects:

Contractor	Contractual Commitments	Amount Paid as of 6/30/2022	Amount Remaining on Contracts
ACI Construction Inc.	$ 2,947,000	$ 126,353	$ 2,820,647

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	**2021**	**2020**	**2019**
District's proportion of the net pension liability	0.05229570%	0.05006890%	0.04975000%	0.05232410%
District's proportionate share of the net pension liability	$ 1,929,560	$ 3,311,663	$ 2,976,630	$ 2,996,698
District's covered payroll	$ 1,749,750	$ 1,822,821	$ 1,714,081	$ 1,691,185
District's proportionate share of the net pension liability as a percentage of its covered payroll	110.28%	181.68%	173.66%	177.20%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015	2014
	0.04525220%	0.04733550%	0.04760520%	0.04787200%	0.04787200%
	$ 2,703,719	$ 3,464,522	$ 2,716,399	$ 2,422,775	$ 2,846,794
	$ 1,491,871	$ 1,464,529	$ 1,433,164	$ 1,391,061	$ 1,473,743
	181.23%	236.56%	189.54%	174.17%	193.17%
	69.50%	62.98%	69.16%	71.70%	65.52%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	**2021**	**2020**	**2019**
District's proportion of the net pension liability	0.04896362%	0.04920448%	0.04893607%	0.05063112%
District's proportionate share of the net pension liability	$ 6,260,438	$ 11,905,733	$ 10,821,918	$ 11,132,646
District's covered payroll	$ 6,163,000	$ 5,759,586	$ 5,802,050	$ 5,753,464
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.58%	206.71%	186.52%	193.49%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.05192729%	0.05239152%	0.05567977%	0.05806685%	0.05806685%
$ 12,335,439	$ 17,537,021	$ 15,388,260	$ 14,123,867	$ 16,824,259
$ 5,695,571	$ 5,518,400	$ 5,818,050	$ 5,932,831	$ 6,406,908
216.58%	317.79%	264.49%	238.06%	262.60%
75.30%	66.80%	72.10%	74.70%	69.30%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 287,149	$ 244,965	$ 255,195	$ 231,401
Contributions in relation to the contractually required contribution	(287,149)	(244,965)	(255,195)	(231,401)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,051,064	$ 1,749,750	$ 1,822,821	$ 1,714,081
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	228,310	$	208,862	$	205,034	$	188,891	$	192,801	$	203,966
	(228,310)		(208,862)		(205,034)		(188,891)		(192,801)		(203,966)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,691,185	$	1,491,871	$	1,464,529	$	1,433,164	$	1,391,061	$	1,473,743
	13.50%		14.00%		14.00%		13.18%		13.86%		13.84%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 819,445	$ 862,820	$ 806,342	$ 812,287
Contributions in relation to the contractually required contribution	(819,445)	(862,820)	(806,342)	(812,287)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,853,179	$ 6,163,000	$ 5,759,586	$ 5,802,050
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	805,485	$	797,380	$	772,576	$	814,527	$	771,268	$	832,898
	(805,485)		(797,380)		(772,576)		(814,527)		(771,268)		(832,898)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,753,464	$	5,695,571	$	5,518,400	$	5,818,050	$	5,932,831	$	6,406,908
	14.00%		14.00%		14.00%		14.00%		13.00%		13.00%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	**2021**	**2020**
District's proportion of the net OPEB liability	0.05344250%	0.04977240%	0.05095790%
District's proportionate share of the net OPEB liability	$ 1,011,443	$ 1,081,717	$ 1,281,484
District's covered payroll	$ 1,749,750	$ 1,822,821	$ 1,714,081
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.81%	59.34%	74.76%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.05284180%		0.04605350%		0.04789162%
$	1,465,974	$	1,235,955	$	1,365,088
$	1,691,185	$	1,491,871	$	1,464,529
	86.68%		82.85%		93.21%
	13.57%		12.46%		11.49%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	2021	2020
District's proportion of the net OPEB liability/asset	0.04896362%	0.04920448%	0.04893607%
District's proportionate share of the net OPEB liability/(asset)	$ (1,032,358)	$ (864,768)	$ (810,499)
District's covered payroll	$ 6,163,000	$ 5,759,586	$ 5,802,050
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.75%	15.01%	13.97%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.05063112%		0.05192729%		0.05239152%
$	(813,590)	$	2,026,011	$	2,801,912
$	5,753,464	$	5,695,571	$	5,518,400
	14.14%		35.57%		50.77%
	176.00%		47.10%		37.30%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 13,446	$ 32,110	$ 21,645	$ 39,551
Contributions in relation to the contractually required contribution	(13,446)	(32,110)	(21,645)	(39,551)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,051,064	$ 1,749,750	$ 1,822,821	$ 1,714,081
Contributions as a percentage of covered payroll	0.66%	1.84%	1.19%	2.31%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	35,933	$	25,715	$	23,900	$	33,981	$	23,663	$	24,188
	(35,933)		(25,715)		(23,900)		(33,981)		(23,663)		(24,188)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,691,185	$	1,491,871	$	1,464,529	$	1,433,164	$	1,391,061	$	1,473,743
	2.12%		1.72%		1.63%		2.37%		1.70%		1.64%

VANGUARD- SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY COUNTY

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,853,179	$ 6,163,000	$ 5,759,586	$ 5,802,050
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
$ -	$ -	$ -	$ -	$ 59,720	$ 64,069
-	-	-	-	(59,720)	(64,069)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,753,464	$ 5,695,571	$ 5,518,400	$ 5,818,050	$ 5,932,831	$ 6,406,908
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

PENSION (CONTINUED)

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY 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**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	$ 7,875
Cash Assistance	10.555	137,735
COVID-19 Emergency Operating Costs	10.555	6,260
Total National School Lunch Program		151,870
School Breakfast Program	10.553	19,829
Total Child Nutrition Cluster		171,699
COVID-19 Pandemic EBT Administrative Costs	10.649	614
Total U.S. Department of Agriculture		172,313
U.S. DEPARTMENT OF LABOR		
Passed Through Ohio Department of Development		
WIOA Cluster		
WIOA Adult Program	17.258	113,076
Total U.S. Department of Labor		113,076
U.S. DEPARTMENT OF EDUCATION		
Direct		
Federal Pell Grant Program	84.063	6,944
Passed Through Ohio Department of Education		
Adult Education - Basic Grants to States	84.002	276,698
Career and Technical Education - Basic Grants to States	84.048	359,263
Education Stabilization Fund		
COVID-19 Governor's Emergency Education Relief Fund 1	84.425C	262,113
Total U.S. Department of Education		905,018
Total Expenditures of Federal Awards		**$ 1,190,407**

The accompanying notes are an integral part of this schedule.

VANGUARD-SENTINEL CAREER AND TECHNOLOGY CENTERS
SANDUSKY 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 Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District) 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amt. Transferred
National School Lunch Program	10.555	$ 9,331
Adult Education - Basic Grants to States	84.002	$ 6,022
Education Stabilization Fund		
Elementary and Secondary School Emergency Relief Fund I	84.425D	$ 675,437

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*

Vanguard-Sentinel Career and Technology Centers
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

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, each major fund, and the aggregate remaining fund information of Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 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

Vanguard-Sentinel Career and Technology Centers
Sandusky County
1306 Cedar Street
Fremont, Ohio 43420-1197

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Vanguard-Sentinel Career and Technology Centers, Sandusky County, Ohio's (the District) 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 Vanguard-Sentinel Career and Technology Centers' major federal programs for the year ended June 30, 2022. Vanguard-Sentinel Career and Technology Centers' major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Vanguard-Sentinel Career and Technology Centers 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 District 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 District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District'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 District'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 District'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 District'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 District'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 District'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 District'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

March 10, 2023

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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)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Career and Technical Education – Basic Grants to States – AL #84.048 Education Stabilization Fund – AL #84.425C
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

VANGUARD SENTINEL CAREER AND TECHNOLOGY CENTERS

SANDUSKY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/23/2023

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