



OHIO AUDITOR OF STATE  
**KEITH FABER**





**TRI-COUNTY CAREER CENTER  
ATHENS COUNTY  
JUNE 30, 2020**

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ATHENS COUNTY  
JUNE 30, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the Table of Contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Career Center, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter. Also, as discussed in Note 3 to the financial statements, during 2020, the Career Center adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 17, 2020

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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The discussion and analysis of the Tri-County Career Center's (the "Career Center") financial performance provides an overview and analysis of the Career Center's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Career Center's financial performance.

**Financial Highlights**

- Total assets and deferred outflows of resources of the Career Center exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$3,256,443. This balance was comprised of \$4,005,614 in net investment in capital assets, \$1,090,265 in net position restricted for specific purposes, and a deficit balance of \$1,839,436 in unrestricted net position.
- In total, net position of governmental activities increased by \$1,540,660, which represents a 93.25 percent increase from 2019. Net position of the business-type activities increased \$8,331, which represents a 15.07 percent increase from 2019.
- General revenues accounted for \$9,518,540 or 89.96 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$1,061,907 or 10.04 percent of total revenues of \$10,580,447 for the governmental activities.
- The Career Center had \$9,014,787 in expenses related to governmental activities; only \$1,061,907 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$9,518,540 were used to provide for the remainder of these programs.
- The Career Center had \$449,188 in expenses related to business-type activities; only \$432,399 of these expenses were offset by program specific charges for services and sales, grants and contributions. Miscellaneous revenue and transfers-in were used to provide for the remainder of these programs.
- The Career Center recognizes two major governmental funds: the General Fund and Permanent Improvement Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Career Center combined. The General Fund had \$9,358,315 in revenues and \$7,509,345 in expenditures in fiscal year 2020.
- The Career Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Career Center combined. The Adult Education Fund had \$162,809 in operating revenues and \$391,905 in operating expenses in fiscal year 2020.

**Using this Annual Report**

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

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

**TRI-COUNTY CAREER CENTER**  
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**Reporting the Career Center as a Whole**

**Government-Wide Financial Statements**

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

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

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

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

**Governmental Activities**

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

**Business-Type Activities**

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

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

**Fund Financial Statements**

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



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

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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

**Proprietary Funds**

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

**Notes to the Basic Financial Statements**

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

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**Government-Wide Financial Analysis**

Recall that the statement of net position provides the perspective of the Career Center as a whole, showing assets, liabilities and deferred inflows of resources and the difference between them (net position). Table 1 provides a summary of the Career Center's net position for 2020 compared to fiscal year 2019:

Table 1  
**Net Position at Year End**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and Other Assets	\$ 12,841,221	\$ 10,752,346	\$ 632,574	\$ 636,409	\$ 13,473,795	\$ 11,388,755
Net OPEB Asset	485,037	464,653	13,921	13,448	498,958	478,101
Capital Assets, Net	<u>3,964,089</u>	<u>3,124,090</u>	<u>41,525</u>	<u>49,446</u>	<u>4,005,614</u>	<u>3,173,536</u>
<i>Total Assets</i>	<u>17,290,347</u>	<u>14,341,089</u>	<u>688,020</u>	<u>699,303</u>	<u>17,978,367</u>	<u>15,040,392</u>
<b>Deferred Outflows of Resources:</b>						
Pension	1,845,470	2,452,694	74,320	103,353	1,919,790	2,556,047
OPEB	<u>187,943</u>	<u>132,087</u>	<u>15,257</u>	<u>3,572</u>	<u>203,200</u>	<u>135,659</u>
<i>Total Deferred Outflows of Resources</i>	<u>2,033,413</u>	<u>2,584,781</u>	<u>89,577</u>	<u>106,925</u>	<u>2,122,990</u>	<u>2,691,706</u>
<b>Liabilities:</b>						
Current and Other Liabilities	837,905	783,822	15,779	10,767	853,684	794,589
<i>Long-Term Liabilities:</i>						
Due Within One Year	83,096	102,330	11,930	4,872	95,026	107,202
Due in More than One Year:						
Net Pension Liability	8,528,009	8,279,924	404,760	376,823	8,932,769	8,656,747
Net OPEB Liability	800,591	869,722	85,410	87,254	886,001	956,976
Other Amounts	<u>322,067</u>	<u>304,267</u>	<u>8,578</u>	<u>1,771</u>	<u>330,645</u>	<u>306,038</u>
<i>Total Liabilities</i>	<u>10,571,668</u>	<u>10,340,065</u>	<u>526,457</u>	<u>481,487</u>	<u>11,098,125</u>	<u>10,821,552</u>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	4,252,895	3,420,379	0	0	4,252,895	3,420,379
Pension	498,679	720,519	128,083	217,844	626,762	938,363
OPEB	<u>807,675</u>	<u>792,724</u>	<u>59,457</u>	<u>51,628</u>	<u>867,132</u>	<u>844,352</u>
<i>Total Deferred Inflows of Resources</i>	<u>5,559,249</u>	<u>4,933,622</u>	<u>187,540</u>	<u>269,472</u>	<u>5,746,789</u>	<u>5,203,094</u>
<b>Net Position:</b>						
Net Investment in Capital Assets	3,964,089	3,124,090	41,525	49,446	4,005,614	3,173,536
Restricted	1,090,265	809,881	0	0	1,090,265	809,881
Unrestricted	<u>(1,861,511)</u>	<u>(2,281,788)</u>	<u>22,075</u>	<u>5,823</u>	<u>(1,839,436)</u>	<u>(2,275,965)</u>
<i>Total Net Position</i>	<u>\$3,192,843</u>	<u>\$1,652,183</u>	<u>\$63,600</u>	<u>\$55,269</u>	<u>\$3,256,443</u>	<u>\$1,707,452</u>

The net pension liability and net OPEB liability are the largest liabilities reported by the Career Center at June 30, 2020 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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*Management's Discussion and Analysis*  
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(Unaudited)

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* and *net OPEB liabilities*. GASB Statements No. 68 and No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Current and other assets increased \$2,085,040 or 18.31 percent from fiscal year 2019. This increase is mostly the result of increases in cash and cash equivalents held by the Career Center and property taxes receivables.

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*(Unaudited)*

Capital assets increased \$832,078 or 26.22 percent, primarily, the result of additions to buildings and improvements and equipment, which exceeded depreciation for the year.

Long term liabilities increased \$217,478 or 2.17 percent, as a result of a increase in net pension liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Notes 11 and 12.

Current (other) liabilities increased \$59,095 due primarily to an increase in accrued wages and benefits.

The net position of the Career Center's governmental activities increased \$1,540,660 or 93.25 percent, which is primarily due to the decreases in liabilities and expenses related to the net position and OPEB actuarial measurements done by the retirement systems. The net position of the Career Center's business-type activities increased \$8,331 or 15.07 percent. This change is mostly due to the adult education program, and is also the result of the net pension and OPEB measurements mentioned previously.

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

The Career Center's smallest portion of net position is unrestricted, and carries a deficit balance of \$1,839,436. Unrestricted net position represents resources that may be used to meet the Career Center's ongoing obligations to its students and creditors.

The remaining balance of \$1,090,265 is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2020, and provides a comparison to fiscal year 2019.

Table 2  
**Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues:</b>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$64,796	\$61,870	\$228,134	\$330,853	\$292,930	\$392,723
Operating Grants and Contributions	997,111	716,159	204,265	235,306	1,201,376	951,465
<i>General Revenues:</i>						
Property Taxes	4,969,285	4,259,606	0	0	4,969,285	4,259,606
Unrestricted Grants and Entitlements	4,078,313	4,101,712	0	0	4,078,313	4,101,712
Unrestricted Tuition and Fees	259,999	89,668	0	0	259,999	89,668
Investment Earnings	106,775	146,429	0	0	106,775	146,429
Miscellaneous	<u>104,168</u>	<u>79,311</u>	<u>120</u>	<u>4,235</u>	<u>104,288</u>	<u>83,546</u>
<i>Total Revenues</i>	<u>10,580,447</u>	<u>9,454,755</u>	<u>432,519</u>	<u>570,394</u>	<u>11,012,966</u>	<u>10,025,149</u>

(Continued)

**TRI-COUNTY CAREER CENTER**  
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(Unaudited)

Table 2  
**Changes in Net Position (Continued)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019*</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019*</u>
<b><i>Expenses:</i></b>						
<i>Instruction:</i>						
Regular	\$62,901	\$62,403	\$0	\$0	\$62,901	\$62,403
Vocational	5,120,312	4,271,745	0	0	5,120,312	4,271,745
Adult/Continuing	108,358	145,968	0	0	108,358	145,968
<i>Support Services:</i>						
Pupils	199,475	153,107	0	0	199,475	153,107
Instructional Staff	261,882	226,556	0	0	261,882	226,556
Board of Education	85,537	90,264	0	0	85,537	90,264
Administration	1,011,625	809,239	0	0	1,011,625	809,239
Fiscal	563,265	440,934	0	0	563,265	440,934
Business	114,192	90,578	0	0	114,192	90,578
Operation and Maintenance of Plant	995,856	862,139	0	0	995,856	862,139
Pupil Transportation	9,829	7,631	0	0	9,829	7,631
Central	149,239	118,790	0	0	149,239	118,790
<i>Operation of Non-Instructional Services:</i>						
Food Services	260,880	229,406	0	0	260,880	229,406
Other	0	697	0	0	0	697
Extracurricular Activities	71,436	10,076	0	0	71,436	10,076
Adult Education	0	0	391,905	368,786	391,905	368,786
Rotary	0	0	31,941	32,569	31,941	32,569
Uniform School Supplies	<u>0</u>	<u>0</u>	<u>25,342</u>	<u>28,060</u>	<u>25,342</u>	<u>28,060</u>
<i>Total Expenses</i>	<u>9,014,787</u>	<u>7,519,533</u>	<u>449,188</u>	<u>429,415</u>	<u>9,463,975</u>	<u>7,948,948</u>
Excess Revenues (Expenses) Before Transfers	1,565,660	1,935,222	(16,669)	140,979	1,548,991	2,076,201
Transfers	<u>(25,000)</u>	<u>(25,000)</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0</u>
<i>Change in Net Position</i>	1,540,660	1,910,222	8,331	165,979	1,548,991	2,076,201
Net Position at Beginning of Year	<u>1,652,183</u>	<u>(258,039)</u>	<u>55,269</u>	<u>(110,710)</u>	<u>1,707,452</u>	<u>(368,749)</u>
Net Position at End of Year	<u>\$3,192,843</u>	<u>\$1,652,183</u>	<u>\$63,600</u>	<u>\$55,269</u>	<u>\$3,256,443</u>	<u>\$1,707,452</u>

\* - As Restated

The most significant program expenses for the Career Center's governmental activities are Vocational Instruction, Administration, Operation and Maintenance of Plant, and Fiscal. These program expenses account for 85.32 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 56.80 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Administration, which accounts for 11.22 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Career Center as a whole. Operation and Maintenance of Plant, which represents 11.05 percent of the total, represents costs associated with operating and maintaining the Career Center's facilities. Fiscal, which represents 6.25 percent of the total, represents cost associated with activities concerned with the financial operation of the Career Center.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs account for 85.51 percent of total revenues for governmental activities.

As noted previously, the net position for the governmental activities increased \$1,540,660 or 93.25 percent. Governmental Activities revenue increased \$1,125,692 or 11.91 percent from last year and expenses increased \$1,495,254 or 19.88 percent from last year.

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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The District had a program revenue increase of \$283,878 and an increase in general revenue of \$841,814. The increase in program revenues is due primarily to an increase in operating grants and the increase in general revenue is due mostly to increases in property taxes and unrestricted tuition and fees.

The total expenses for governmental activities increased \$1,495,254 or 19.88 percent, primarily due to increases in vocational instruction, operation and maintenance of plant and administration support services. The large increase in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in significant increases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

The most significant program expense for the Career Center's business-type activities is Adult Education. This program, which accounts for 87.25 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

The net position for the business-type activities increased \$8,331 or 15.07 percent. Total revenues decreased \$137,875 or 24.18 percent from last year and expenses increased \$19,773 or 4.60 percent from last year.

The District had a program revenue decrease for business-type activity of \$133,760 and a decrease in general revenue of \$4,115. The decrease in program revenue is due primarily to a decrease in charges for services in the Adult Education Program.

The total expenses for business-type activities increased \$19,773 or 4.60 percent, primarily due to an increase in adult education. The increase in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in significant increases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

### **Governmental Activities**

Over the past several fiscal years, the Career Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Career Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 46.97 percent and intergovernmental revenue made up 47.97 percent of the total revenue for the governmental activities in fiscal year 2020.

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

The Career Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2020, the Career Center received \$3,714,194 through the State's foundation program, which represents 35.10 percent of the total revenue for the governmental activities. The Career Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 58.70 percent of governmental activities program expenses. Support services expenses make up 37.61 percent of governmental activities expenses. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

**Business-Type Activities**

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of \$432,399 and expenses of \$449,188 for fiscal year 2020. Over 52.76 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

Table 3 shows the total cost of services and the net cost of services for fiscal year 2020 and a comparison to fiscal year 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Governmental Activities**

	<u>Total Cost</u> <u>of Services</u> <u>2020</u>	<u>Net Cost</u> <u>of Services</u> <u>2020</u>	<u>Total Cost</u> <u>of Services</u> <u>2019</u>	<u>Net Cost</u> <u>of Services</u> <u>2019</u>
<i>Program Expenses:</i>				
<i>Governmental Activities:</i>				
Instruction	\$5,291,571	\$4,744,805	\$4,480,116	\$4,015,544
Support Services	3,390,900	3,175,953	2,799,238	2,709,298
Operation of Non-Instructional Services	260,880	13,819	230,103	6,586
Extracurricular Activities	71,436	18,303	10,076	10,076
<i>Business-Type Activities:</i>				
Adult Education	391,905	24,831	368,786	(119,525)
Rotary	31,941	5,950	32,569	(15,491)
Uniform School Supplies	<u>25,342</u>	<u>(13,992)</u>	<u>28,060</u>	<u>(1,728)</u>
Total Expenses	<u>\$9,463,975</u>	<u>\$7,969,669</u>	<u>\$7,948,948</u>	<u>\$6,604,760</u>

**The Career Center's Funds**

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$11,399,712 and expenditures and other financing uses of \$10,384,953.

Total governmental funds fund balance increased by \$1,014,759. The increase in fund balance for the year was most significant in the General Fund, which increased \$830,752 or 15.94 percent. The increase was the result of an increase in property tax revenues during fiscal year 2020.

**Budget Highlights - General Fund**

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

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

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

For the General Fund, the final budget basis revenue was \$9,130,053 representing a decrease of \$3,399,453 from the original budget estimates of \$12,529,506. For the General Fund, the final budget basis expenditures were \$7,490,920 representing a decrease of \$346,244 from the original budget estimates of \$7,837,164. The final budget basis expenditures reflected a 4.41 percent decrease from the original budgeted amount.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, the Career Center had \$11,822,884 invested in capital assets in the governmental activities and \$320,953 in the business-type activities. These totals carry accumulated depreciation of \$7,858,795 and \$279,428, respectively. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019.

Table 4  
**Capital Assets & Accumulated Depreciation at Year End**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$34,308	\$34,308	\$0	\$0
Construction in Progress	201,907	557,906	0	0
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	6,398,861	5,287,501	0	0
Land Improvements	473,506	473,506	0	0
Furniture, Fixtures and Equipment	4,079,324	3,881,912	320,953	342,421
Vehicles	<u>634,978</u>	<u>613,528</u>	<u>0</u>	<u>0</u>
<i>Total Capital Assets</i>	<u>11,822,884</u>	<u>10,848,661</u>	<u>320,953</u>	<u>342,421</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	3,968,535	3,934,727	0	0
Land Improvements	92,729	69,054	0	0
Furniture, Fixtures and Equipment	3,295,640	3,233,973	279,428	292,975
Vehicles	<u>501,891</u>	<u>486,817</u>	<u>0</u>	<u>0</u>
<i>Total Accumulated Depreciation</i>	<u>7,858,795</u>	<u>7,724,571</u>	<u>279,428</u>	<u>292,975</u>
Capital Assets, Net	<u>\$3,964,089</u>	<u>\$3,124,090</u>	<u>\$41,525</u>	<u>\$49,446</u>

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



**TRI-COUNTY CAREER CENTER**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**Debt Administration**

At June 30, 2020, the Career Center had no general obligation debt outstanding.

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

**Current Issues**

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

Tri-County Career Center receives over half of its total General Fund revenue from the Ohio Department of Education (ODE). ODE Funding was frozen for fiscal years 2020 and 2021.

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

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

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

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

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**TRI-COUNTY CAREER CENTER**  
*Statement of Net Position*  
*June 30, 2020*

	Governmental Activities	Business-Type Activities	Total
<b><u>Assets:</u></b>			
Equity in Pooled Cash and Cash Equivalents	\$6,933,555	\$615,123	\$7,548,678
Property Taxes Receivable	5,649,147	0	5,649,147
Accounts Receivable	21,016	17,451	38,467
Intergovernmental Receivable	172,501	0	172,501
Prepaid Items	8,934	0	8,934
Materials and Supplies Inventory	56,068	0	56,068
Nondepreciable Capital Assets	236,215	0	236,215
Depreciable Capital Assets, Ne	3,727,874	41,525	3,769,399
Net OPEB Asset	<u>485,037</u>	<u>13,921</u>	<u>498,958</u>
<i>Total Assets</i>	<u>17,290,347</u>	<u>688,020</u>	<u>17,978,367</u>
<b><u>Deferred Outflows of Resources:</u></b>			
Pension	1,845,470	74,320	1,919,790
OPEB	<u>187,943</u>	<u>15,257</u>	<u>203,200</u>
<i>Total Deferred Outflows of Resources</i>	<u>2,033,413</u>	<u>89,577</u>	<u>2,122,990</u>
<b><u>Liabilities:</u></b>			
Accounts Payable	1,428	798	2,226
Contracts Payable	14,894	0	14,894
Accrued Wages and Benefits	688,294	14,776	703,070
Matured Compensated Absences Payable	36,483	0	36,483
Intergovernmental Payable	96,806	205	97,011
<i>Long-Term Liabilities:</i>			
Due within One Year	83,096	11,930	95,026
Due in More Than One Year:			
Net Pension Liability	8,528,009	404,760	8,932,769
Net OPEB Liability	800,591	85,410	886,001
Other Amounts Due in More Than One Year	<u>322,067</u>	<u>8,578</u>	<u>330,645</u>
<i>Total Liabilities</i>	<u>10,571,668</u>	<u>526,457</u>	<u>11,098,125</u>
<b><u>Deferred Inflows of Resources:</u></b>			
Property Taxes	4,252,895	0	4,252,895
Pension	498,679	128,083	626,762
OPEB	<u>807,675</u>	<u>59,457</u>	<u>867,132</u>
<i>Total Deferred Inflows of Resources</i>	<u>5,559,249</u>	<u>187,540</u>	<u>5,746,789</u>
<b><u>Net Position:</u></b>			
Investment in Capital Assets	3,964,089	41,525	4,005,614
<i>Restricted for:</i>			
Capital Outlay	810,985	0	810,985
Other Purposes	279,280	0	279,280
Unrestricted	<u>(1,861,511)</u>	<u>22,075</u>	<u>(1,839,436)</u>
<i>Total Net Position</i>	<u>\$3,192,843</u>	<u>\$63,600</u>	<u>\$3,256,443</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2020

	<u>Program Revenues</u>		
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<b><u>Governmental Activities:</u></b>			
<i>Instruction:</i>			
Regular	\$62,901	\$0	\$64,290
Vocational	5,120,312	0	368,271
Adult/Continuing	108,358	0	114,205
<i>Support Services:</i>			
Pupils	199,475	0	76,843
Instructional Staff	261,882	0	47,097
Board of Education	85,537	0	0
Administration	1,011,625	0	0
Fiscal	563,265	0	0
Business	114,192	0	0
Operation and Maintenance of Plant	995,856	0	0
Pupil Transportation	9,829	0	0
Central	149,239	0	91,007
<i>Operation of Non-Instructional Services:</i>			
Food Services	260,880	11,663	235,398
Extracurricular Activities	71,436	53,133	0
<i>Total Governmental Activities</i>	<u>9,014,787</u>	<u>64,796</u>	<u>997,111</u>
<b><u>Business-Type Activities:</u></b>			
Adult Education	391,905	162,809	204,265
Rotary	31,941	25,991	0
Uniform School Supplies	25,342	39,334	0
<i>Total Business-Type Activities</i>	<u>449,188</u>	<u>228,134</u>	<u>204,265</u>
<i>Totals</i>	<u>\$9,463,975</u>	<u>\$292,930</u>	<u>\$1,201,376</u>

**General Revenues:**

*Property Taxes Levied for:*

General Purposes  
Grants and Entitlements not Restricted to Specific Programs  
Unrestricted Tuition and Fees  
Investment Earnings  
Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position at Beginning of Year, As Restated (See Note 3)*

*Net Position at End of Year*

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$1,389	\$0	\$1,389
(4,752,041)	0	(4,752,041)
5,847	0	5,847
(122,632)	0	(122,632)
(214,785)	0	(214,785)
(85,537)	0	(85,537)
(1,011,625)	0	(1,011,625)
(563,265)	0	(563,265)
(114,192)	0	(114,192)
(995,856)	0	(995,856)
(9,829)	0	(9,829)
(58,232)	0	(58,232)
(13,819)	0	(13,819)
<u>(18,303)</u>	<u>0</u>	<u>(18,303)</u>
<u>(7,952,880)</u>	<u>0</u>	<u>(7,952,880)</u>
0	(24,831)	(24,831)
0	(5,950)	(5,950)
<u>0</u>	<u>13,992</u>	<u>13,992</u>
<u>0</u>	<u>(16,789)</u>	<u>(16,789)</u>
<u>(7,952,880)</u>	<u>(16,789)</u>	<u>(7,969,669)</u>
4,969,285	0	4,969,285
4,078,313	0	4,078,313
259,999	0	259,999
106,775	0	106,775
<u>104,168</u>	<u>120</u>	<u>104,288</u>
9,518,540	120	9,518,660
<u>(25,000)</u>	<u>25,000</u>	<u>0</u>
<u>9,493,540</u>	<u>25,120</u>	<u>9,518,660</u>
1,540,660	8,331	1,548,991
<u>1,652,183</u>	<u>55,269</u>	<u>1,707,452</u>
<u>\$3,192,843</u>	<u>\$63,600</u>	<u>\$3,256,443</u>

**TRI-COUNTY CAREER CENTER**

*Balance Sheet  
Governmental Funds  
June 30, 2020*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$5,884,272	\$814,985	\$234,298	\$6,933,555
Property Taxes Receivable	5,649,147	0	0	5,649,147
Accounts Receivable	18,863	0	2,153	21,016
Intergovernmental Receivable	287	0	172,214	172,501
Interfund Receivable	34,290	0	0	34,290
Prepaid Items	8,934	0	0	8,934
Materials and Supplies Inventory	56,068	0	0	56,068
<i>Total Assets</i>	<u>\$11,651,861</u>	<u>\$814,985</u>	<u>\$408,665</u>	<u>\$12,875,511</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$1,428	\$0	\$0	\$1,428
Accrued Wages and Benefits	618,199	0	70,095	688,294
Contracts Payable	3,709	4,000	7,185	14,894
Intergovernmental Payable	90,560	0	6,246	96,806
Interfund Payable	0	0	34,290	34,290
Matured Compensated Absences Payable	36,483	0	0	36,483
<i>Total Liabilities</i>	<u>750,379</u>	<u>4,000</u>	<u>117,816</u>	<u>872,195</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	4,860,357	0	0	4,860,357
Unavailable Revenue	0	0	123,537	123,537
<i>Total Deferred Inflows of Resources</i>	<u>4,860,357</u>	<u>0</u>	<u>123,537</u>	<u>4,983,894</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	69,929	0	0	69,929
Restricted	0	0	208,352	208,352
Assigned	63,463	810,985	0	874,448
Unassigned	5,907,733	0	(41,040)	5,866,693
<i>Total Fund Balances</i>	<u>6,041,125</u>	<u>810,985</u>	<u>167,312</u>	<u>7,019,422</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,651,861</u>	<u>\$814,985</u>	<u>\$408,665</u>	<u>\$12,875,511</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2020*

<b>Total Governmental Funds Balances</b>		\$7,019,422
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,964,089
Some of the Career Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	607,462	
Intergovernmental revenue	<u>123,537</u>	
Total receivables that are not reported in the funds		730,999
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated absences		(405,163)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	1,845,470	
Deferred Outflows - OPEB	187,943	
Deferred Inflows - Pension	(498,679)	
Deferred Inflows - OPEB	(807,675)	
Net OPEB Asset	485,037	
Net Pension Liability	(8,528,009)	
Net OPEB Liability	<u>(800,591)</u>	
Total		<u>(8,116,504)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$3,192,843</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$4,823,740	\$0	\$0	\$4,823,740
Intergovernmental	4,078,313	0	955,139	5,033,452
Interest	106,025	0	750	106,775
Tuition and Fees	259,999	0	0	259,999
Extracurricular Activities	0	0	53,133	53,133
Customer Sales and Services	0	0	11,663	11,663
Miscellaneous	90,238	0	13,930	104,168
<b>Total Revenues</b>	<b>9,358,315</b>	<b>0</b>	<b>1,034,615</b>	<b>10,392,930</b>
<u>Expenditures:</u>				
<u>Current:</u>				
<u>Instruction:</u>				
Regular	0	0	53,634	53,634
Vocational	4,655,971	0	294,557	4,950,528
Adult/Continuing	0	0	108,358	108,358
<u>Support Services:</u>				
Pupils	99,745	0	83,644	183,389
Instructional Staff	194,334	0	42,495	236,829
Board of Education	85,537	0	0	85,537
Administration	940,899	0	0	940,899
Fiscal	562,869	0	0	562,869
Business	109,856	0	0	109,856
Operation and Maintenance of Plant	804,952	790,065	0	1,595,017
Pupil Transportation	2,398	0	0	2,398
Central	42,329	0	96,115	138,444
Operation of Non-Instructional Services	0	0	258,865	258,865
Extracurricular Activities	10,455	0	60,981	71,436
Capital Outlay	0	61,894	0	61,894
<b>Total Expenditures</b>	<b>7,509,345</b>	<b>851,959</b>	<b>998,649</b>	<b>9,359,953</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,848,970</b>	<b>(851,959)</b>	<b>35,966</b>	<b>1,032,977</b>
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	6,782	0	0	6,782
Transfers In	0	1,000,000	0	1,000,000
Transfers Out	(1,025,000)	0	0	(1,025,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,018,218)</b>	<b>1,000,000</b>	<b>0</b>	<b>(18,218)</b>
<b>Net Change in Fund Balances</b>	<b>830,752</b>	<b>148,041</b>	<b>35,966</b>	<b>1,014,759</b>
<b>Fund Balances at Beginning of Year, As Restated (See Note 3)</b>	<b>5,210,373</b>	<b>662,944</b>	<b>131,346</b>	<b>6,004,663</b>
<b>Fund Balances at End of Year</b>	<b>\$6,041,125</b>	<b>\$810,985</b>	<b>\$167,312</b>	<b>\$7,019,422</b>

See accompanying notes to the basic financial statements a



TRI-COUNTY CAREER CENTER  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020*

**Net Change in Fund Balances - Total Governmental Funds** \$1,014,759

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	1,094,576	
Depreciation	<u>(236,585)</u>	
Total		857,991

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (17,992)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:

Property taxes	145,545	
Intergovernmental	<u>41,972</u>	
Total receivables not reported in the funds		187,517

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Compensated absences		1,434
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred revenues. 681,892

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,184,941)

*Change in Net Position of Governmental Activities* \$1,540,660

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$5,785,745	\$4,615,582	\$4,615,582	\$0
Intergovernmental	6,373,472	4,094,435	4,094,435	0
Interest	222,790	106,025	106,025	0
Tuition and Fees	139,817	259,999	259,999	0
Miscellaneous	7,682	54,012	54,012	0
<i>Total Revenues</i>	<u>12,529,506</u>	<u>9,130,053</u>	<u>9,130,053</u>	<u>0</u>
<b><u>Expenditures:</u></b>				
Vocational	4,773,479	4,643,965	4,643,955	10
Pupils	159,997	102,397	102,397	0
Instructional Staff	177,260	203,406	203,406	0
Board of Education	133,570	85,955	85,955	0
Administration	952,550	928,000	928,000	0
Fiscal	529,352	541,475	541,475	0
Business	111,918	108,518	108,518	0
Operation and Maintenance of Plant	948,357	822,020	822,020	0
Pupil Transportation	3,650	2,398	2,398	0
Central	43,410	42,329	42,329	0
Extracurricular Activities	3,621	10,457	10,457	0
<i>Total Expenditures</i>	<u>7,837,164</u>	<u>7,490,920</u>	<u>7,490,910</u>	<u>10</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,692,342</u>	<u>1,639,133</u>	<u>1,639,143</u>	<u>0</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from the Sale of Capital Assets	1,536	6,782	6,782	0
Advances In	30,729	20,000	20,000	0
Transfers Out	(229,500)	(1,029,500)	(1,029,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(197,235)</u>	<u>(1,002,718)</u>	<u>(1,002,718)</u>	<u>0</u>
<i>Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	4,495,107	636,415	636,425	0
<i>Fund Balance at Beginning of Year</i>	5,051,896	5,051,896	5,051,896	0
Prior Year Encumbrances Appropriated	<u>151,151</u>	<u>151,151</u>	<u>151,151</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$9,698,154</u>	<u>\$5,839,462</u>	<u>\$5,839,472</u>	<u>\$0</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Net Position*  
*Proprietary Funds*  
*June 30, 2020*

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
<b><u>Assets:</u></b>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$533,804	\$81,319	\$615,123
Accounts Receivable	7,913	9,538	17,451
<i>Noncurrent Assets:</i>			
Depreciable Capital Assets, Net	39,313	2,212	41,525
Net OPEB Asset	<u>13,921</u>	<u>0</u>	<u>13,921</u>
<i>Total Assets</i>	<u>594,951</u>	<u>93,069</u>	<u>688,020</u>
<b><u>Deferred Outflows of Resources:</u></b>			
Pension	74,320	0	74,320
OPEB	<u>15,257</u>	<u>0</u>	<u>15,257</u>
<i>Total Deferred Outflows of Resources</i>	<u>89,577</u>	<u>0</u>	<u>89,577</u>
<b><u>Liabilities:</u></b>			
<i>Current Liabilities:</i>			
Accounts Payable	798	0	798
Accrued Wages and Benefits	14,776	0	14,776
Intergovernmental Payable	205	0	205
<i>Noncurrent Liabilities:</i>			
Due Within One Year	11,930	0	11,930
Other Amounts Due in More Than One Year	8,578	0	8,578
Net Pension Liability	404,760	0	404,760
Net OPEB Liability	<u>85,410</u>	<u>0</u>	<u>85,410</u>
<i>Total Liabilities</i>	<u>526,457</u>	<u>0</u>	<u>526,457</u>
<b><u>Deferred Inflows of Resources:</u></b>			
Pension	128,083	0	128,083
OPEB	<u>59,457</u>	<u>0</u>	<u>59,457</u>
<i>Total Deferred Inflows of Resources</i>	<u>187,540</u>	<u>0</u>	<u>187,540</u>
<b><u>Net Position:</u></b>			
Investment in Capital Assets	39,313	2,212	41,525
Unrestricted	<u>(68,782)</u>	<u>90,857</u>	<u>22,075</u>
<i>Total Net Position</i>	<u>(\$29,469)</u>	<u>\$93,069</u>	<u>\$63,600</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Revenues,  
Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2020*

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
<b><u>Operating Revenues:</u></b>			
Tuition	\$123,286	\$0	\$123,286
Sales	39,523	39,334	78,857
Charges for Services	0	25,991	25,991
Other Operating Revenues	<u>0</u>	<u>120</u>	<u>120</u>
<i>Total Operating Revenues</i>	<u>162,809</u>	<u>65,445</u>	<u>228,254</u>
<b><u>Operating Expenses:</u></b>			
Salaries	231,891	0	231,891
Fringe Benefits	89,600	0	89,600
Purchased Services	14,802	0	14,802
Materials and Supplies	34,120	56,177	90,297
Depreciation	13,084	1,106	14,190
Other Operating Expenses	<u>8,408</u>	<u>0</u>	<u>8,408</u>
<i>Total Operating Expenses</i>	<u>391,905</u>	<u>57,283</u>	<u>449,188</u>
<i>Operating Income (Loss)</i>	<u>(229,096)</u>	<u>8,162</u>	<u>(220,934)</u>
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Federal and State Subsidies	<u>204,265</u>	<u>0</u>	<u>204,265</u>
<i>Total Nonoperating Revenues (Expenses)</i>	<u>204,265</u>	<u>0</u>	<u>204,265</u>
<i>Income (Loss) before Transfers</i>	(24,831)	8,162	(16,669)
Transfers In	<u>25,000</u>	<u>0</u>	<u>25,000</u>
<i>Change in Net Position</i>	169	8,162	8,331
<i>Net Position at Beginning of Year</i>	<u>(29,638)</u>	<u>84,907</u>	<u>55,269</u>
<i>Net Position at End of Year</i>	<u>(\$29,469)</u>	<u>\$93,069</u>	<u>\$63,600</u>

See accompanying notes to the basic financial statements.

**TRI-COUNTY CAREER CENTER**  
*Statement of Cash Flows*  
*Proprietary Funds*  
For the Fiscal Year Ended June 30, 2020

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Sales and Charges for Services	\$39,523	\$58,365	\$97,888
Cash Received from Tuition	121,190	0	121,190
Other Cash Receipts	0	120	120
Cash Payments to Employees for Services	(227,697)	0	(227,697)
Cash Payments for Employee Benefits	(114,679)	0	(114,679)
Cash Payments to Purchased Services	(14,238)	0	(14,238)
Cash Payments for Goods and Services	(33,886)	(56,177)	(90,063)
Other Cash Payments	(8,408)	0	(8,408)
<i>Net Cash from Operating Activities</i>	<u>(238,195)</u>	<u>2,308</u>	<u>(235,887)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	204,265	0	204,265
Transfers In	<u>25,000</u>	<u>0</u>	<u>25,000</u>
<i>Net Cash from Noncapital Financing Activities</i>	<u>229,265</u>	<u>0</u>	<u>229,265</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Purchases of Capital Assets	<u>(5,676)</u>	<u>(593)</u>	<u>(6,269)</u>
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(5,676)</u>	<u>(593)</u>	<u>(6,269)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(14,606)	1,715	(12,891)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>548,410</u>	<u>79,604</u>	<u>628,014</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$533,804</u></u>	<u><u>\$81,319</u></u>	<u><u>\$615,123</u></u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Operating Income (Loss)	(\$229,096)	\$8,162	(\$220,934)
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Depreciation	13,084	1,106	14,190
<i>(Increase) Decrease in Assets and Deferred Outflows of Resources:</i>			
Accounts Receivable	(2,096)	(6,960)	(9,056)
Deferred Outflows of Resources	17,348	0	17,348
Net OPEB Asset	(473)	0	(473)
<i>Increase (Decrease) in Liabilities and Deferred Inflows of Resources:</i>			
Accounts Payable	798	0	798
Accrued Wages and Benefits	4,194	0	4,194
Intergovernmental Payable	20	0	20
Compensated Absences Payable	13,865	0	13,865
Net Pension Liability	27,937	0	27,937
Net OPEB Liability	(1,844)	0	(1,844)
Deferred Inflows of Resources	<u>(81,932)</u>	<u>0</u>	<u>(81,932)</u>
Total Adjustments	<u>(9,099)</u>	<u>(5,854)</u>	<u>(14,953)</u>
<i>Net Cash from Operating Activities</i>	<u><u>(\$238,195)</u></u>	<u><u>\$2,308</u></u>	<u><u>(\$235,887)</u></u>

See accompanying notes to the basic financial statements.

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**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

The Career Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Career Center. The Board of Education of the Career Center is not directly elected. The Board members are appointed by the elected boards of the participating Career Centers. The Board consists of five members from the three city Career Centers and six members from the two county educational service center districts. The Career Center has an enrollment of 465 students and is staffed by 31 classified, 52 certified and 5 administrative employees.

**Reporting Entity**

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

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

The Career Center is involved with the META Solutions, Southeastern Ohio Special Education Regional Resource Center (SERRC), Athens County School Employees Health and Welfare Benefit Association, Coalition of Rural and Appalachian Schools, and Ohio Coalition of Equity and Adequacy of School Funding, which are defined as jointly governed organizations. The Career Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the basic financial statements.

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

**Governmental Funds**

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



**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

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

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

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

**Proprietary Funds**

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

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

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

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

**C. Measurement Focus**

**Government-Wide Financial Statements**

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

**Fund Financial Statements**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions**

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

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

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

**Deferred Outflows/Inflows of Resources**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

In addition to the liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, unavailable revenue, and pension/OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide Statement of Net Position (See Notes 11 and 12).

**Expenses/Expenditures**

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

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

**E. Cash and Cash Equivalents**

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

During the fiscal year 2020, the Career Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2020.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$106,025 which includes \$24,202 assigned from other Career Center funds.

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

**F. Inventory**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Capital Assets**

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

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

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

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

**I. Interfund Balances**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

**J. Compensated Absences**

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

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

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

**L. Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination of benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Long-term liabilities are recognized as a liability on the fund financial statements when due.

**M. Net Position**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

The Career Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Career Center's restricted net position of \$1,090,265, none is restricted by enabling legislation.

**N. Fund Balances**

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

**Non-spendable** – The non-spendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**Restricted** – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Career Center's Board of Education.

**Unassigned** – The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

**O. Operating Revenues and Expenses**

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

**P. Interfund Transactions**

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

**Q. Estimates**

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

**R. Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2020.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

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

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

**NOTE 3 - NEW GASB PRONOUNCEMENTS AND PRIOR PERIOD ADJUSTMENT**

For the fiscal year ended June 30, 2020, the Career Center implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the Career Center has early implemented GASB Statement No. 84, *Fiduciary Activities*. The objective of GASB Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

With the implementation of GASB Statement No. 84 the District has determined that its Student Activities Fund should be reclassified from a Fiduciary Fund to a Special Revenue Fund. This reclassification resulted in the following changes to the beginning balance of net position/fund balances:

	Governmental Activities	All Other Governmental Funds
Net Position/Fund Balance at June 30, 2019	\$1,603,856	\$83,019
Fund Reclassification	48,327	48,327
Adjusted Net Position/Fund Balance at June 30, 2019	\$1,652,183	\$131,346



**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

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

Net Change in Fund Balance	
GAAP Basis	\$830,752
<i>Adjustments:</i>	
Revenue Accruals	(207,816)
Expenditure Accruals	50,873
Encumbrances	(37,825)
Other Financing Sources	20,000
<i>Prospective Difference:</i>	
Activity of Funds Reclassified For GAAP Reporting Purposes	(19,559)
Budget Basis	\$636,425

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 5 - ACCOUNTABILITY**

Fund balances at June 30, 2020 included the following individual fund deficits:

Fund	Amount
<i>Non-major Special Revenue Funds:</i>	
Student Wellness and Success Grant	\$2,199
Miscellaneous State Grants	450
Driver's Education Grant	250
Vocational Education Grant	38,141

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

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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 fair value daily, and that the term of agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer’s investment pool (STAROhio);
7. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed forty percent of interim monies available for investment at any one time if training requirements have been met; and
8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

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

**Investments:** Investments are reported at fair value. As of June 30, 2020, the Career Center had the following investments and maturities:

<u>Investment Type</u>	<u>Net Asset Value Per Share</u>	<u>6 Months or Less</u>
STAR Ohio	\$7,023,979	\$7,023,979

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

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

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

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

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The Career Center’s investment policy allows investments in eligible securities as described in the Ohio Revised Code.

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

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

	<u>Cash and Cash</u> <u>Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$7,548,678	\$0
<i>Investments:</i>		
STAR Ohio	<u>(7,023,979)</u>	<u>7,023,979</u>
GASB Statement No. 3	<u>\$524,699</u>	<u>\$7,023,979</u>

**NOTE 7 - PROPERTY TAXES**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

**NOTE 7 - PROPERTY TAXES** – (Continued)

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,714,017,640	84.74%	\$1,794,937,160	75.21%
Public Utility Personal	308,760,830	15.26%	591,556,690	24.79%
Total Assessed Value	\$2,022,778,470	100.00%	\$2,386,493,850	100.00%
Tax rate per \$1,000 of assessed valuation	\$3.30		\$3.30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The Career Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2020 is available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2020. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Career Center had \$788,790 available for advance to the General Fund at June 30, 2020.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2020 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and inter-fund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

<u>Governmental</u> Activities:	
General Fund	\$287
<i>Nonmajor Special Revenue Funds:</i>	
Miscellaneous State Grants	97,420
Vocational Education Grants	21,504
Pell Grant	3,098
Miscellaneous Federal Grants	50,192
<i>Total Nonmajor Special Revenue Funds</i>	172,214
Total Intergovernmental Receivable	\$172,501

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

**NOTE 9 - CAPITAL ASSETS**

Capital asset governmental activity for the fiscal year ended June 30, 2020 was as follows:

<u>Asset Category</u>	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2020</u>
<i>Governmental Activities:</i>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$34,308	\$0	\$0	\$34,308
Construction in Progress	<u>557,906</u>	<u>201,907</u>	<u>(557,906)</u>	<u>201,907</u>
Total Nondepreciable Capital Assets	<u>592,214</u>	<u>201,907</u>	<u>(557,906)</u>	<u>236,215</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	473,506	0	0	473,506
Buildings and Improvements	5,287,501	1,111,360	0	6,398,861
Furniture, Fixtures and Equipment	3,881,912	317,765	(120,353)	4,079,324
Vehicles	<u>613,528</u>	<u>21,450</u>	<u>0</u>	<u>634,978</u>
Total Depreciable Capital Assets	<u>10,256,447</u>	<u>1,450,575</u>	<u>(120,353)</u>	<u>11,586,669</u>
Total Capital Assets	<u>10,848,661</u>	<u>1,652,482</u>	<u>(678,259)</u>	<u>11,822,884</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(69,054)	(23,675)	0	(92,729)
Buildings and Improvements	(3,934,727)	(33,808)	0	(3,968,535)
Furniture, Fixtures and Equipment	(3,233,973)	(164,028)	102,361	(3,295,640)
Vehicles	<u>(486,817)</u>	<u>(15,074)</u>	<u>0</u>	<u>(501,891)</u>
Total Accumulated Depreciation	<u>(7,724,571)</u>	<u>(236,585)</u>	<u>102,361</u>	<u>(7,858,795)</u>
Total Net Depreciable Capital Assets	<u>2,531,876</u>	<u>1,213,990</u>	<u>(17,992)</u>	<u>3,727,874</u>
Total Net Capital Assets	<u>\$3,124,090</u>	<u>\$1,415,897</u>	<u>(\$575,898)</u>	<u>\$3,964,089</u>

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$1,459
Vocational	110,742
<i>Support Services:</i>	
Pupils	1,749
Instructional Staff	15,797
Administration	2,879
Fiscal	1,741
Business	1,433
Operations and Maintenance	84,118
Pupil Transportation	7,431
Central	685
Operation of Non-Instructional Services	<u>8,551</u>
Total Depreciation Expense	<u>\$236,585</u>

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

**NOTE 9 - CAPITAL ASSETS** - (Continued)

Capital asset business-type activity for the fiscal year ended June 30, 2020 was as follows:

<u>Asset Category</u>	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2020</u>
<b><u>Business-Type Activities:</u></b>				
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$342,421	\$6,269	(\$27,737)	\$320,953
<i>Less Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	<u>(292,975)</u>	<u>(14,190)</u>	<u>27,737</u>	<u>(279,428)</u>
Business-Type Activities Capital Assets, Net	<u>\$49,446</u>	<u>(\$7,921)</u>	<u>\$0</u>	<u>\$41,525</u>

**NOTE 10 - RISK MANAGEMENT**

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the Career Center contracted with Reed & Baur Insurance Agency Inc. for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2020 are as follows:

Building and Contents - replacement (\$2,500 deductible)	\$ 36,710,784
Inland Marine Coverage (\$500 deductible)	547,065
Automobile Liability (\$500 deductible)	1,000,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
<i>General Liability:</i>	
Medical Expense Limit (any one person)	15,000
Fire Damage Limit (any one fire)	300,000
Per Occurrence	2,000,000
Total Per Year	3,000,000
School Leaders Errors and Omissions (\$10,000 deductible)	2,000,000
<i>Public Officials Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond (\$1,000 deductible)	50,000
Cyber Incident Response (\$2,500 deductible)	1,000,000
Cyber Crime (\$2,500 deductible)	250,000
System Damage and Business Interruption (\$2,500 deductible)	1,000,000
Network Security & Privacy Liability (\$2,500 deductible)	1,000,000
Media Liability (\$2,500 deductible)	1,000,000
Court Attendance Costs	100,000

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 10 - RISK MANAGEMENT** - (Continued)

**Workers' Compensation**

For fiscal year 2020, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating Career Center is calculated as one experience and a common premium rate is applied to all Career Centers in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Career Centers that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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) represents the Career Center's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/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 this estimate annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/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.



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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

**Funding Policy** – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

**TRI-COUNTY CAREER CENTER**  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

The Career Center's contractually required contribution to SERS was \$177,936 for fiscal year 2020. Of this amount, \$0 is reported as an intergovernmental payable.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was \$533,309 for fiscal year 2020. Of this amount, \$84,808 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03794980%	0.03012592%	
Prior Measurement Date	<u>0.03692420%</u>	<u>0.02975306%</u>	
Change in Proportionate Share	<u>0.00102560%</u>	<u>0.00037286%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,270,603	\$6,662,166	\$8,932,769
Pension Expense	\$328,101	\$983,822	\$1,311,923

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

At June 30, 2020 the Career Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$57,576	\$54,243	\$111,819
Changes of Assumptions	0	782,600	782,600
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	33,207	280,919	314,126
Contributions Subsequent to the Measurement Date	<u>177,936</u>	<u>533,309</u>	<u>711,245</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$268,719</u>	<u>\$1,651,071</u>	<u>\$1,919,790</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$0	\$28,841	\$28,841
Net Difference between Projected and Actual Earnings on Pension Plan Investments	29,146	325,608	354,754
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	<u>42,170</u>	<u>200,997</u>	<u>243,167</u>
<b>Total Deferred Inflows of Resources</b>	<u>\$71,316</u>	<u>\$555,446</u>	<u>\$626,762</u>

\$711,245 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$46,494	\$366,798	\$413,292
2022	(41,615)	110,031	68,416
2023	(1,943)	22,124	20,181
2024	<u>16,531</u>	<u>63,363</u>	<u>79,894</u>
	<u>\$19,467</u>	<u>\$562,316</u>	<u>\$581,783</u>

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

**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 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. Future benefits for all current plan members were projected through 2035.

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, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Career Center's Proportionate Share of the Net Pension Liability	\$3,181,927	\$2,270,603	\$1,506,344

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

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

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

**Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table represents the Career Center's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Career Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Career Center's Proportionate Share of the Net Pension Liability	\$9,736,014	\$6,662,166	\$4,059,997

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

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

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

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

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

**Funding Policy** - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the Career Center's surcharge obligation was \$2,498, which is reported as an intergovernmental payable.



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

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

**Plan Description** – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Career Center’s proportion of the net OPEB liability (asset) was based on the Career Center’s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.03523160%	0.03012592%	
Prior Measurement Date	<u>0.03449470%</u>	<u>0.02975306%</u>	
Change in Proportionate Share	<u>0.00073690%</u>	<u>0.00037286%</u>	
Proportionate Share of the Net			
OPEB Liability/(Asset)	\$886,001	(\$498,958)	\$387,043
OPEB Expense (Gain)	\$13,097	(\$147,192)	(\$134,095)

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

At June 30, 2020, the Career Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$13,006	\$45,234	\$58,240
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,125	0	2,125
Changes of Assumptions	64,713	10,488	75,201
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	20,121	45,015	65,136
Contributions Subsequent to the Measurement Date	<u>2,498</u>	<u>0</u>	<u>2,498</u>
<b>Total Deferred Outflows of Resources</b>	<u><u>\$102,463</u></u>	<u><u>\$100,737</u></u>	<u><u>\$203,200</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$194,648	\$25,384	\$220,032
Net Difference between Projected and Actual Earnings on Pension Plan Investments	0	31,341	31,341
Changes of Assumptions	49,649	547,051	596,700
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	<u>5,387</u>	<u>13,672</u>	<u>19,059</u>
<b>Total Deferred Inflows of Resources</b>	<u><u>\$249,684</u></u>	<u><u>\$617,448</u></u>	<u><u>\$867,132</u></u>

\$2,498 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	(\$48,356)	(\$113,540)	(\$161,896)
2022	(23,650)	(113,544)	(137,194)
2023	(20,202)	(100,981)	(121,183)
2024	(24,267)	(96,580)	(120,847)
2025	(22,938)	(93,861)	(116,799)
Thereafter	<u>(10,306)</u>	<u>1,795</u>	<u>(8,511)</u>
	<u><u>(\$149,719)</u></u>	<u><u>(\$516,711)</u></u>	<u><u>(\$666,430)</u></u>

**Actuarial Assumptions - SERS**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS** - (Continued)

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS** - (Continued)

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

**Sensitivity of the Career Center’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

		Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>	
Career Center's Proportionate Share of the Net OPEB Liability	\$1,075,437	\$886,001	\$735,377	

  

		Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>	
Career Center's Proportionate Share of the Net OPEB Liability	\$709,866	\$886,001	\$1,119,689	

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS** - (Continued)

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**TRI-COUNTY CAREER CENTER**  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS** - (Continued)

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

**Sensitivity of the Career Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	Current <u>Discount Rate</u>	<u>1% Increase</u>
Career Center's Proportionate Share of the Net OPEB Asset	(\$425,761)	(\$498,958)	(\$560,499)
	<u>1% Decrease</u>	Current <u>Trend Rate</u>	<u>1% Increase</u>
Career Center's Proportionate Share of the Net OPEB Asset	(\$565,795)	(\$498,958)	(\$417,098)

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 320 days for teachers, administrators and classified employees. Upon retirement, teachers, administrators and classified employees receive one-fourth of the total sick leave accumulation up to a maximum of eighty (80) days.

**TRI-COUNTY CAREER CENTER**  
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**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the Career Center's long-term liabilities for governmental activities during fiscal year 2020 were as follows:

	Principal Outstanding at <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding at <u>June 30, 2020</u>	Amount Due <u>In One Year</u>
<i>Governmental Activities:</i>					
<i>Net Pension Liability:</i>					
STRS	\$6,358,019	\$118,273	\$0	\$6,476,292	\$0
SERS	<u>1,921,905</u>	<u>129,812</u>	<u>0</u>	<u>2,051,717</u>	<u>0</u>
Total Net Pension Liability	<u>8,279,924</u>	<u>248,085</u>	<u>0</u>	<u>8,528,009</u>	<u>0</u>
<i>Net OPEB Liability:</i>					
SERS	<u>869,722</u>	<u>0</u>	<u>69,131</u>	<u>800,591</u>	<u>0</u>
Total Net Pension Liability	<u>869,722</u>	<u>0</u>	<u>69,131</u>	<u>800,591</u>	<u>0</u>
Compensated Absences	<u>406,597</u>	<u>180,393</u>	<u>181,827</u>	<u>405,163</u>	<u>83,096</u>
Total Governmental Activities Long-Term Obligations	<u>\$9,556,243</u>	<u>\$428,478</u>	<u>\$250,958</u>	<u>\$9,733,763</u>	<u>\$83,096</u>

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

The changes in the Career Center's long-term liabilities for business-type activities during fiscal year 2020 were as follows:

	Principal Outstanding at <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding at <u>June 30, 2020</u>	Amount Due <u>In One Year</u>
<i>Business-Type Activities:</i>					
<i>Net Pension Liability:</i>					
STRS	\$184,011	\$1,863	\$0	\$185,874	\$0
SERS	<u>192,812</u>	<u>26,074</u>	<u>0</u>	<u>218,886</u>	<u>0</u>
Total Net Pension Liability	<u>376,823</u>	<u>27,937</u>	<u>0</u>	<u>404,760</u>	<u>0</u>
<i>Net OPEB Liability:</i>					
SERS	<u>87,254</u>	<u>0</u>	<u>1,844</u>	<u>85,410</u>	<u>0</u>
Total Net Pension Liability	<u>87,254</u>	<u>0</u>	<u>1,844</u>	<u>85,410</u>	<u>0</u>
Compensated Absences	<u>6,643</u>	<u>15,215</u>	<u>1,350</u>	<u>20,508</u>	<u>11,930</u>
Total Governmental Activities Long-Term Obligations	<u>\$470,720</u>	<u>\$43,152</u>	<u>\$3,194</u>	<u>\$510,678</u>	<u>\$11,930</u>

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

**TRI-COUNTY CAREER CENTER**  
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**NOTE 15- FUND BALANCES**

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

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>				
Inventory	\$56,068	\$0	\$0	\$56,068
Prepays	8,934	0	0	8,934
Unclaimed Monies	4,927	0	0	4,927
<i>Total Nonspendable</i>	<u>69,929</u>	<u>0</u>	<u>0</u>	<u>69,929</u>
<i>Restricted:</i>				
<i>Specail Revenues:</i>				
Food Service	0	0	52,159	52,159
Student Activities	0	0	51,998	51,998
Special Trust	0	0	85,297	85,297
Other Grants	0	0	1,800	1,800
Federal Grants	0	0	17,098	17,098
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>208,352</u>	<u>208,352</u>
<i>Assigned:</i>				
<i>Encumbrances:</i>				
Vocational	27,681	0	0	27,681
Pupils	210	0	0	210
Instructional Staff	1,389	0	0	1,389
Fiscal	5,479	0	0	5,479
Business	540	0	0	540
Operation and Maintenance of Plant	2,526	0	0	2,526
Public School Support	25,638	0	0	25,638
Permanent Improvement	0	810,985	0	810,985
<i>Total Assigned</i>	<u>63,463</u>	<u>810,985</u>	<u>0</u>	<u>874,448</u>
<i>Unassigned (Deficit)</i>	<u>5,907,733</u>	<u>0</u>	<u>(41,040)</u>	<u>5,866,693</u>
<b>Total Fund Balance</b>	<u><u>\$6,041,125</u></u>	<u><u>\$810,985</u></u>	<u><u>\$167,312</u></u>	<u><u>\$7,019,422</u></u>



**TRI-COUNTY CAREER CENTER**  
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**NOTE 16- INTERFUND ACTIVITY**

As of June 30, 2020, receivables and payables that resulted from various inter-fund transactions were as follows:

	Interfund Receivable	Interfund Payable
General	\$34,290	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	10,000
Miscellaneous State Grants	0	450
Driver's Education Grants	0	250
Vocationa Education Grants	0	15,390
Miscellaneous Federal Grants	0	8,200
Total Non-Major Funds	0	34,290
Total	\$34,290	\$34,290

The balance of \$34,290 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

Transfers From	Transfers To		Total
	Permanent Improvement	Adult Education	
General	\$1,000,000	\$25,000	\$1,025,000

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

**NOTE 17- JOINTLY GOVERNED ORGANIZATIONS**

**Meta Solutions**

The Career Center participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member Career Center. The delegate is the superintendent of the Career Center or the superintendent's designee. The degree of control exercised by any participating Career Center is limited to its representation of the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302. The Career Center made payments of \$60,513 to META for fiscal year 2020.

**TRI-COUNTY CAREER CENTER**  
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**NOTE 17- JOINTLY GOVERNED ORGANIZATIONS** – (Continued)

**Southeastern Ohio Special Education Regional Resource Center**

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

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

**Athens County School Employees Health and Welfare Benefit Association**

The Career Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

**Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 Career Centers and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for Career Center administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for Career Center personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2020, the Career Center paid \$325 for membership. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 17- JOINTLY GOVERNED ORGANIZATIONS** – (Continued)

**The Ohio Coalition of Equity and Adequacy of School Funding**

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 Career Center representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 Career Centers throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member Career Centers and joint vocational schools pay dues of \$0.05 per pupil. Career Centers and joint vocational schools may also pay supplemental dues in the amount of \$0.50 per pupil for K-12 districts and educational service centers pay dues of \$0.05 per pupil. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2020, the Career Center paid \$227 to the Coalition. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

**NOTE 18 - INSURANCE PURCHASING POOL**

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

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

**NOTE 19- CONTINGENCIES**

**A. Grants**

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2020, if applicable, cannot be determined at this time.

**B. Litigation**

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

**TRI-COUNTY CAREER CENTER**  
*Notes to the Basic Financial Statements*  
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**NOTE 19- CONTINGENCIES** – (Continued)

**C. School Foundation**

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Career Center.

**NOTE 20 - STATUTORY SET-ASIDES**

The following changes occurred in the Career Center's set-aside reserve account during fiscal year 2020:

	<u>Capital Improvements</u>
Set Aside Balance June 30, 2019	\$0
Current Year Set Aside Requirement	83,798
Current Year Qualifying Disbursements	<u>(898,252)</u>
Total	<u>(814,454)</u>
Set Aside Reserved Balance as of June 30, 2020	<u>\$0</u>
Total Restricted Assets	<u>\$0</u>

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

**NOTE 21 - ENCUMBRANCE COMMITMENTS**

At June 30, 2020, the Career Center had encumbrance commitments in the Governmental Funds as follows:

Fund	
General	\$37,825
Permanent Improvement	790,593
<i>Nonmajor Funds:</i>	
Food Service	779
Student Activities	6,870
Miscellaneous Federal Grants	<u>9,028</u>
Total Nonmajor Funds	<u>16,677</u>
Total Encumbrances	<u>\$ 845,095</u>

**TRI-COUNTY CAREER CENTER**  
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**NOTE 22 – CONTRACTUAL COMMITMENTS**

As of June 30, 2020, the Career Center had contractual purchase commitments for various projects related to the Career Center’s renovations and new construction. The amount for each project is as follows.

<u>Contractor</u>	<u>Trade</u>	<u>Contract Amounts</u>	<u>Amounts Paid as of June 30, 2020</u>	<u>Amounts Remaining on Contracts</u>
Schorr Architects	HVAC Replacement	25,500	18,454	7,046
	Culinary and Student Center Renovation	50,000	39,440	10,560
H+A Mechanical, Inc	HVAC Replacement	357,000	30,617	326,383
Gutknecht Construction	Culinary and Student Center Renovation	<u>534,000</u>	<u>109,396</u>	<u>424,604</u>
Total		<u>\$966,500</u>	<u>\$197,907</u>	<u>\$768,593</u>

**NOTE 23 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the Career Center. The Career Center’s investment portfolio and the investments of the pension and other employee benefit plan in which the Career Center participates have incurred a significant fluctuation in fair value, consistent with the general fluctuation in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, due to the dynamic environment and changes in fiscal policies, the exact impact on the Career Center’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

**TRI-COUNTY CAREER CENTER**

*Schedule of the Career Center's Proportionate Share of Net Pension Liability  
Last Seven Measurement Periods (1)*

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	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><u>School Employees Retirement System of Ohio</u></b>			
Career Center's Proportion of the Net Pension Liability	0.03794980%	0.03692420%	0.03669100%
Career Center's Proportionate Share of the Net Pension Liability	\$2,270,603	\$2,114,717	\$2,192,206
Career Center's Covered-Employee Payroll	\$1,262,936	\$1,155,893	\$1,176,600
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	179.79%	182.95%	186.32%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	69.50%	69.50%
<b><u>State Teachers Retirement System of Ohio</u></b>			
Career Center's Proportion of the Net Pension Liability	0.03012592%	0.02975306%	0.02876989%
Career Center's Proportionate Share of the Net Pension Liability	\$6,662,166	\$6,542,030	\$6,834,349
Career Center's Covered-Employee Payroll	\$3,882,136	\$3,661,114	\$3,229,093
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	171.61%	178.69%	211.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	75.30%	75.30%

(1) Information prior to 2013 is not available.

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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
0.03957540%	0.04005780%	0.03936200%	0.03936200%
\$2,896,554	\$2,285,737	\$1,992,088	\$2,340,732
\$1,228,964	\$1,204,939	\$1,362,468	\$1,363,273
235.69%	189.70%	146.21%	171.70%
62.98%	69.16%	71.70%	65.52%
0.02943524%	0.03079162%	0.02913008%	0.02913008%
\$9,852,862	\$8,509,903	\$7,085,444	\$8,440,134
\$3,151,107	\$3,191,050	\$3,657,077	\$3,541,500
312.68%	266.68%	193.75%	238.32%
66.80%	72.10%	74.70%	69.30%

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**TRI-COUNTY CAREER CENTER**  
*Schedule of the Career Center's Proportionate Share of Net OPEB Liability*  
*Last Four Measurement Periods (1)*

	2019	2018	2017	2016
<b><u>School Employees Retirement System of Ohio</u></b>				
Career Center's Proportion of the Net OPEB Liability	0.03523160%	0.03449470%	0.03467400%	0.03467400%
Career Center's Proportionate Share of the Net OPEB Liability	\$886,001	\$956,976	\$930,559	\$988,337
Career Center's Covered-Employee Payroll	\$1,262,936	\$1,155,893	\$1,176,600	\$1,228,964
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	70.15%	82.79%	79.09%	80.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	12.46%	12.46%	11.49%
<b><u>State Teachers Retirement System of Ohio</u></b>				
Career Center's Proportion of the Net OPEB Liability	0.03012592%	0.02975306%	0.02876989%	0.02876989%
Career Center's Proportionate Share of the Net OPEB Asset	\$498,958	\$478,101	\$0	\$0
Career Center's Proportionate Share of the Net OPEB Liability	\$0	\$0	\$1,122,495	\$1,538,621
Career Center's Covered-Employee Payroll	\$3,882,136	\$3,661,114	\$3,229,093	\$3,151,107
Career Center's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	(12.85%)	(13.06%)	34.76%	48.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.7%	176.0%	47.10%	37.30%

(1) Information prior to 2016 is not available.

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

**TRI-COUNTY CAREER CENTER**  
*Schedule of the Career Center Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2020	2019	2018	2017
<b><u>Pension</u></b>				
Contractually Required Contributions	\$177,936	\$170,496	\$161,825	\$164,724
Contributions in Relation to the Contractually Required Contributions	<u>(177,936)</u>	<u>(170,496)</u>	<u>(161,825)</u>	<u>(164,724)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$1,270,971	\$1,262,936	\$1,155,893	\$1,176,600
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.50%	13.50%	14.00%
<b><u>OPEB</u></b>				
Contractually Required Contributions (1)	\$0	\$6,315	\$5,994	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>(6,315)</u>	<u>(5,994)</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$1,270,971	\$1,262,936	\$1,155,893	\$1,176,600
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.50%	0.50%	0.00%

(1) Excludes surcharge amounts.

2016	2015	2014	2013	2012	2011
\$172,055	\$158,811	\$188,838	\$188,677	\$187,890	\$178,920
(172,055)	(158,811)	(188,838)	(188,677)	(187,890)	(178,920)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,228,964	\$1,204,939	\$1,362,468	\$1,363,273	\$1,396,952	\$1,423,389
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$0	\$9,881	\$1,907	\$2,181	\$7,683	\$20,354
0	(9,881)	(1,907)	(2,181)	(7,683)	(20,354)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,228,964	\$1,204,939	\$1,362,468	\$1,363,273	\$1,396,952	\$1,423,389
0.00%	0.82%	0.14%	0.16%	0.55%	1.43%

**TRI-COUNTY CAREER CENTER**  
*Schedule of the Career Center Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><u>Pension</u></b>			
Contractually Required Contributions	\$533,309	\$543,499	\$512,556
Contributions in Relation to the Contractually Required Contributions	<u>(533,309)</u>	<u>(543,499)</u>	<u>(512,556)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$3,809,350	\$3,882,136	\$3,661,114
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%
<b><u>OPEB</u></b>			
Contractually Required Contributions	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$3,809,350	\$3,882,136	\$3,661,114
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$452,073	\$441,155	\$446,747	\$475,420	\$460,395	\$520,838	\$555,124
<u>(452,073)</u>	<u>(441,155)</u>	<u>(446,747)</u>	<u>(475,420)</u>	<u>(460,395)</u>	<u>(520,838)</u>	<u>(555,124)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,229,093	\$3,151,107	\$3,191,050	\$3,657,077	\$3,541,500	\$4,006,446	\$4,270,185
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$3,657	\$3,542	\$4,006	\$4,270
<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,657)</u>	<u>(3,542)</u>	<u>(4,006)</u>	<u>(4,270)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,229,093	\$3,151,107	\$3,191,050	\$3,657,077	\$3,541,500	\$4,006,446	\$4,270,185
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**Tri-County Career Center**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 1 - Net Pension Liability**

***Changes in Assumptions - SERS***

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent.
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent.
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent.
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Assumptions – STRS***

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - SERS***

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**Tri-County Career Center**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Net OPEB Liability (Asset)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense, including price inflation:**

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Pre-Medicare**

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

**Medicare**

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Assumptions – STRS***

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

**Tri-County Career Center**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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***Changes in Benefit Terms – STRS***

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.



# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 17, 2020 wherein we noted the Career Center adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the Career Center.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 17, 2020

# OHIO AUDITOR OF STATE KEITH FABER



**TRI-COUNTY CAREER CENTER**

**ATHENS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/31/2020**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)