

PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020



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OHIO AUDITOR OF STATE
KEITH FABER



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Members of the Board
Pickaway-Ross Career and Technology Center
895 Crouse Chapel Rd
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the Pickaway-Ross Career and Technology Center, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Pickaway-Ross Career and Technology Center is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2021

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Pickaway-Ross Career and Technology Center
Ross County
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Independent Auditor's Report

Members of the Board
Pickaway-Ross Career and Technology Center
895 Crouse Chapel Road
Chillicothe, Ohio 45601

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pickaway-Ross Career and Technology Center, Ross County, Ohio, as of June 30, 2020, and the respective changes in financial position and the budgetary comparison for the General Fund and Adult Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in note 22 to the financial statements, during fiscal year 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9, the schedules of the Center's proportionate share of the net pension/OPEB liability on pages 56 through 57, and the schedules of Center contributions on page 58, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

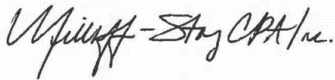
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The schedule of federal awards expenditures, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

January 22, 2021

Pickaway-Ross Career and Technology Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The Pickaway-Ross Career and Technology Center's (the Center) discussion and analysis of the annual financial statements provide a review of the financial performance for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

- The Center's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$7,309,131.
- General revenues accounted for \$13,550,960 or 61 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$8,516,190 or 39 percent of total revenues of \$22,067,150.
- The Center had \$22,120,557 in expenses related to governmental activities; \$8,516,190 of these expenses were offset by program specific charges for services and sales, grants and contributions, while the remainder of these expenses were offset by general revenues.
- The Center has two major funds: the general fund and the adult education fund. All governmental funds had total revenues and other financing sources of \$22,747,346 and expenditures and other financing uses of \$21,653,098.

Using this Annual Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand Pickaway-Ross Career and Technology Center's financial situation as a whole and also give a detailed view of the Center's financial activities.

The statement of net position and statement of activities provide information about the activities of the Center as a whole and present a long-term view of the Center's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the Center as a Whole

Government-Wide Financial Statements

The analysis of the Center as a whole begins on page 5. These statements provide information that will help the reader to determine whether the Center is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Center's net position and changes to net position. This change informs the reader whether the Center's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the Center's financial well-being. Some of these factors include the Center's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the statement of net position and the statement of activities, the Center has only one kind of activity.

Pickaway-Ross Career and Technology Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

- **Governmental Activities.** All of the Center's programs and services (except for the agency funds) are reported here, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's funds begins on page 8. Fund financial statements provide detailed information about the Center's major funds – not the Center as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the Center is meeting legal responsibilities for use of grants. The Center's major funds are the general fund and adult education fund.

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

Proprietary Funds – The Center's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the Center reports it as a proprietary fund using the full accrual basis of accounting. Since the internal service fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements. The Center's only internal service fund accounts for the self-insurance program for employee dental insurance.

Fiduciary Fund – The Center only has agency funds, which is used to account for student-managed activities and federal student loan and grants administered by the Center. All of the Center's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. We exclude these activities from the Center's other financial statements because the Center cannot use these assets to finance its operations. The Center is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

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.

The Center as a Whole

As stated previously, the statement of net position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2020 compared to 2019.

Pickaway-Ross Career and Technology Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 1
Net Position
Governmental Activities

	2020	2019
<i>Assets</i>		
Current and Other Assets	\$23,976,357	\$23,055,430
Capital Assets, Net	14,923,630	15,598,741
Total Assets	38,899,987	38,654,171
Deferred Outflows of Resources	4,849,925	6,646,833
<i>Liabilities</i>		
Current and Other Liabilities	1,693,771	1,916,371
Long-Term Liabilities	25,558,386	26,310,576
Total Liabilities	27,252,157	28,226,947
Deferred Inflows of Resources	9,188,624	9,711,519
<i>Net Position</i>		
Net Investment in Capital Assets	14,055,495	14,137,904
Restricted	1,737,663	2,150,249
Unrestricted (Deficit)	(8,484,027)	(8,925,615)
Total Net Position	\$7,309,131	\$7,362,538

Current and other assets increased \$920,927. This increase was primarily due to an increase in cash and cash equivalents and property taxes receivable. Cash and cash equivalents increased due to revenues in excess of expenses. Property taxes receivable increased due to an increase in assessed valuations. Capital assets, net of the Center decreased \$675,111 as a result of depreciation expense which was partially offset by capital asset additions. Deferred outflows of resources decreased \$1,796,908 due to a decrease in amounts related to the Center's proportionate share of the state-wide net pension and OPEB liabilities.

Current and other liabilities decreased \$222,600 due to a decrease in accrued wages and benefits payable, which decreased due to a decrease in accrued days payable between years. Long-term liabilities decreased \$752,190. This decrease is due to a decrease in net OPEB liability estimates and principal payments on capital leases and bonds. Deferred inflows of resources decreased \$522,895 due to a decrease in amounts related to the Center's proportionate share of the state-wide net pension and OPEB liabilities.

Pickaway-Ross Career and Technology Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

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
 Governmental Activities

	2020	2019
<i>Revenues</i>		
<i>Program Revenue</i>		
Charges for Services and Sales	\$1,786,726	\$2,071,865
Operating Grants and Contributions	6,729,464	6,547,957
Total Program Revenue	8,516,190	8,619,822
<i>General Revenue</i>		
Property Taxes	6,220,652	5,494,836
Unrestricted Grants and Entitlements	6,590,832	6,621,758
Investment Earnings	554,665	403,981
Unrestricted Gifts and Donations	1,352	1,381
Payments in Lieu of Taxes	806	717
Gain on Sale of Assets	0	3,758
Insurance Recoveries	16,675	0
Miscellaneous	165,978	116,892
Total General Revenue	13,550,960	12,643,323
Total Revenues	22,067,150	21,263,145
<i>Expenses</i>		
<i>Program Expenses</i>		
<i>Instruction</i>		
Vocational	15,572,813	13,129,326
<i>Support Services</i>		
Pupils	1,733,333	1,124,560
Instructional Staff	731,089	694,323
Board of Education	22,319	17,109
Administration	1,322,745	975,640
Fiscal	719,569	606,682
Business	2,743	30
Operation and Maintenance of Plant	1,633,674	1,473,859
Pupil Transportation	7,817	26,475
Central	36,793	21,225
Operation of Non-Instructional Services	290,546	239,242
Extracurricular Activities	36,709	75,806
Interest and Fiscal Charges	10,407	18,574
Total Expenses	22,120,557	18,402,851
<i>Change in Net Position</i>	(53,407)	2,860,294
<i>Net Position Beginning of Year</i>	7,362,538	4,502,244
<i>Net Position End of Year</i>	\$7,309,131	\$7,362,538

Property taxes increased due to an increase in assessed valuations. Most expense functions reflect an increase between years due to the recognition of a net pension/OPEB expense allocation of \$2,728,834.

Pickaway-Ross Career and Technology Center

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

Unaudited

Governmental Activities

Operating grants and contributions and unrestricted grants and entitlements not restricted to specific programs each comprised 30 percent of revenue while property taxes and charges for services and sales comprised 28 percent and 8 percent, respectively, for governmental activities of the Center for fiscal year 2020 and represent the largest sources of revenues.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 70 percent of governmental program expenses with support services comprising 28 percent of governmental expenses. The Board of Education relies on taxes, grants and entitlements to support increased student achievement within the Center.

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

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2020	2020	2019	2019
<i>Program Expenses</i>				
Instruction	\$15,572,813	\$8,647,063	\$13,129,326	\$5,840,369
Support Services	6,210,082	4,828,984	4,939,903	3,895,226
Operation of Non- Instructional Services	290,546	81,853	239,242	(45,057)
Extracurricular Activities	36,709	36,060	75,806	73,917
Interest and Fiscal Charges	10,407	10,407	18,574	18,574
Total	\$22,120,557	\$13,604,367	\$18,402,851	\$9,783,029

The Center's Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. The most significant change in the Center's total fund balance was in the general fund.

The general fund had \$18,143,723 in revenues and \$16,722,747 in expenditures and other financing uses resulting in a \$1,420,976 increase in fund balance. Revenues increase significantly between years due to increases in property tax revenues, due to increases in tax valuations, and for increases in fair market value of investments.

The adult education fund had revenues of \$2,639,969 and expenditures of \$2,895,561 resulting in a \$255,592 decrease in fund balance. Expenditures were up from the prior year and revenues decreased slightly between years.

Pickaway-Ross Career and Technology Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Budget Highlights - General Fund

The Center's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the general fund and then adopts the budget on a fund basis. The general fund was the most significant budgeted fund.

During 2020, there were revisions to the general fund budget. In part, these revisions increased estimated revenues and other sources by \$125,848 and decreased estimated expenditures and other uses by \$300,000. Actual revenues were lower than final budget amounts by \$11,196. Actual expenditures were below final budgeted expenditures by \$429,021. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The general fund's ending unobligated cash balance was \$417,825 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the Center had \$14,923,630 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2020 balances compared to 2019.

Table 4
 Capital Assets (Net of Accumulated Depreciation)
 Governmental Activities

	2020	2019
Land	\$314,883	\$314,883
Buildings and Improvements	13,197,849	13,837,203
Furniture and Equipment	1,356,350	1,383,183
Vehicles	54,548	63,472
Capital Assets, Net	\$14,923,630	\$15,598,741

Changes in capital assets from the prior year resulted from additions and depreciation expense. Please see note 8 to the basic financial statements for additional information regarding capital assets.

Debt Administration

At June 30, 2020, the Center had \$551,777 in outstanding capital leases with \$278,890 due within one year. The Center also had \$316,358 in outstanding school improvement bonds with \$316,358 due within one year. At June 30, 2020, the Center's overall legal debt margin was \$223,258,815 with an unvoted debt margin of \$2,484,169. Please see notes 13 and 14 to the basic financial statements for additional information regarding long-term obligations.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Todd Stahr, Treasurer, Pickaway-Ross Career and Technology Center, 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Pickaway-Ross Career and Technology Center
Statement of Net Position
As of June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$16,002,977
Cash and Cash Equivalents with Fiscal Agents	34,599
Accrued Interest Receivable	22,820
Accounts Receivable	360,079
Intergovernmental Receivable	112,325
Property Taxes Receivable	6,085,655
Net OPEB Asset	1,357,902
Nondepreciable Capital Assets	314,883
Depreciable Capital Assets, net	14,608,747
<i>Total Assets</i>	38,899,987
Deferred Outflows of Resources:	
Pension	4,462,838
OPEB	387,087
<i>Total Deferred Outflows of Resources</i>	4,849,925
Liabilities:	
Accounts Payable	78,192
Accrued Wages and Benefits	1,342,392
Intergovernmental Payable	259,754
Accrued Interest Payable	7,113
Claims Payable	6,320
Long-Term Liabilities:	
Due Within One Year	884,841
Due in More Than One Year	1,744,047
Net Pension Liability	21,525,710
Net OPEB Liability	1,403,788
<i>Total Liabilities</i>	27,252,157
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	5,380,031
Pension	1,452,099
OPEB	2,356,494
<i>Total Deferred Inflows of Resources</i>	9,188,624
Net Position:	
Net Investment in Capital Assets	14,055,495
Restricted for Other Purposes	1,737,663
Unrestricted (Deficit)	(8,484,027)
<i>Total Net Position</i>	\$7,309,131

The notes to the basic financial statements are an integral part of this statement

Pickaway-Ross Career and Technology Center
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales		Operating Grants and Contributions
Governmental Activities:				
Instruction:				
Vocational	\$15,572,813	\$1,195,155	\$5,730,595	(\$8,647,063)
Support Services:				
Pupils	1,733,333	405,903	577,252	(750,178)
Instructional Staff	731,089	43,407	184,378	(503,304)
Board of Education	22,319	370	0	(21,949)
Administration	1,322,745	24,572	19,159	(1,279,014)
Fiscal	719,569	13,562	0	(706,007)
Business	2,743	55	0	(2,688)
Operation and Maintenance of Plant	1,633,674	28,140	71,310	(1,534,224)
Pupil Transportation	7,817	157	0	(7,660)
Central	36,793	7,032	5,801	(23,960)
Operation of Non-Instructional Services	290,546	67,724	140,969	(81,853)
Extracurricular Activities	36,709	649	0	(36,060)
Interest and Fiscal Charges	10,407	0	0	(10,407)
<i>Total Governmental Activities</i>	<u>\$22,120,557</u>	<u>\$1,786,726</u>	<u>\$6,729,464</u>	<u>(13,604,367)</u>

General Revenues:

Property Taxes Levied for:	
General Purposes	6,220,652
Grants and Entitlements not Restricted for Specific Programs	6,590,832
Investment Earnings	554,665
Gifts and Donations not Restricted for Specific Programs	1,352
Payments in Lieu of Taxes	806
Insurance Recoveries	16,675
Miscellaneous	165,978
<i>Total General Revenues</i>	<u>13,550,960</u>
<i>Change in Net Position</i>	(53,407)
<i>Net Position Beginning of Year</i>	<u>7,362,538</u>
<i>Net Position End of Year</i>	<u><u>\$7,309,131</u></u>

The notes to the basic financial statements are an integral part of this statement

Pickaway-Ross Career and Technology Center
Balance Sheet
Governmental Funds
As of June 30, 2020

	General Fund	Adult Education Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$13,562,616	\$428,492	\$1,821,565	\$15,812,673
Accrued Interest Receivable	22,820	0	0	22,820
Accounts Receivable	0	360,079	0	360,079
Interfund Receivable	42,208	0	0	42,208
Intergovernmental Receivable	0	0	112,325	112,325
Property Taxes Receivable	6,085,655	0	0	6,085,655
<i>Total Assets</i>	<u>\$19,713,299</u>	<u>\$788,571</u>	<u>\$1,933,890</u>	<u>\$22,435,760</u>
Liabilities:				
Accounts Payable	\$59,871	\$18,321	\$0	\$78,192
Accrued Wages and Benefits	1,314,194	15,893	12,305	1,342,392
Interfund Payable	0	0	42,208	42,208
Intergovernmental Payable	206,369	32,542	20,843	259,754
<i>Total Liabilities</i>	<u>1,580,434</u>	<u>66,756</u>	<u>75,356</u>	<u>1,722,546</u>
Deferred Inflows of Resources:				
Property Taxes not Levied to Finance Current Year Operations	5,380,031	0	0	5,380,031
Unavailable Revenue	112,691	0	26,921	139,612
<i>Total Deferred Inflows of Resources</i>	<u>5,492,722</u>	<u>0</u>	<u>26,921</u>	<u>5,519,643</u>
Fund Balances:				
Restricted	0	721,815	988,927	1,710,742
Committed	1,231,954	0	844,784	2,076,738
Assigned	168,407	0	0	168,407
Unassigned (Deficit)	11,239,782	0	(2,098)	11,237,684
<i>Total Fund Balances</i>	<u>12,640,143</u>	<u>721,815</u>	<u>1,831,613</u>	<u>15,193,571</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$19,713,299</u>	<u>\$788,571</u>	<u>\$1,933,890</u>	<u>\$22,435,760</u>

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology Center
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 As of June 30, 2020*

Total Governmental Fund Balances	\$15,193,571
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	14,923,630
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Delinquent Property Taxes	112,691	
Grants	26,921	
Total		139,612

The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	218,583
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The net pension/OPEB liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	4,462,838	
Deferred Outflows-OPEB	387,087	
Deferred Inflows-Pension	(1,452,099)	
Deferred Inflows-OPEB	(2,356,494)	
Net Pension Liability	(21,525,710)	
Net OPEB Asset	1,357,902	
Net OPEB Liability	(1,403,788)	
Total		(20,530,264)

Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.	(7,113)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	(1,760,753)	
School Improvement Bonds	(316,358)	
Capital Lease Obligations	(551,777)	
Total		(2,628,888)

Net Position of Governmental Activities	\$7,309,131
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The notes to the basic financial statements are an integral part of this statement

Pickaway-Ross Career and Technology Center
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General Fund	Adult Education Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	\$6,215,211	\$0	\$0	\$6,215,211
Intergovernmental	10,932,095	1,211,087	1,140,553	13,283,735
Interest	306,552	0	0	306,552
Change in Fair Value of Investments	248,113	0	0	248,113
Tuition and Fees	288,960	1,172,122	0	1,461,082
Rent	12,281	0	0	12,281
Gifts and Donations	4,352	7,515	3,273	15,140
Customer Sales and Services	15,441	230,198	67,724	313,363
Payments in Lieu of Taxes	806	0	0	806
Miscellaneous	119,912	19,047	27,534	166,493
<i>Total Revenues</i>	<u>18,143,723</u>	<u>2,639,969</u>	<u>1,239,084</u>	<u>22,022,776</u>
Expenditures:				
Current:				
Instruction:				
Vocational	11,318,794	1,925,651	669,220	13,913,665
Support Services:				
Pupils	593,547	783,598	237,540	1,614,685
Instructional Staff	499,417	66,417	156,914	722,748
Board of Education	18,456	0	0	18,456
Administration	1,225,671	0	19,012	1,244,683
Fiscal	676,475	0	0	676,475
Business	2,743	0	0	2,743
Operation and Maintenance of Plant	1,403,630	0	166,554	1,570,184
Pupil Transportation	7,817	0	0	7,817
Central	22,814	13,276	0	36,090
Operation of Non-Instructional Services	2,990	0	276,363	279,353
Extracurricular Activities	32,374	0	0	32,374
Capital Outlay	47,103	94,437	74,399	215,939
Debt Service:				
Principal	272,886	11,752	308,064	592,702
Interest	0	430	16,859	17,289
<i>Total Expenditures</i>	<u>16,124,717</u>	<u>2,895,561</u>	<u>1,924,925</u>	<u>20,945,203</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	2,019,006	(255,592)	(685,841)	1,077,573
Other Financing Sources (Uses):				
Transfers In	0	0	707,895	707,895
Insurance Recoveries	0	0	16,675	16,675
Transfers Out	(598,030)	0	(109,865)	(707,895)
<i>Total Other Financing Sources (Uses)</i>	<u>(598,030)</u>	<u>0</u>	<u>614,705</u>	<u>16,675</u>
<i>Net Change in Fund Balances</i>	1,420,976	(255,592)	(71,136)	1,094,248
<i>Fund Balance at Beginning of Year</i>	<u>11,219,167</u>	<u>977,407</u>	<u>1,902,749</u>	<u>14,099,323</u>
<i>Fund Balance at End of Year</i>	<u>\$12,640,143</u>	<u>\$721,815</u>	<u>\$1,831,613</u>	<u>\$15,193,571</u>

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology 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 \$1,094,248

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 of capital asset additions and depreciation in the current period.

Capital Asset Additions	215,939	
Current Year Depreciation	(891,050)	
Total	(675,111)	(675,111)

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

Delinquent Property Taxes	5,441	
Grants	22,773	
Miscellaneous	(515)	
Total	27,699	27,699

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

17,908

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

1,682,171

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

(2,728,834)

General obligation bonds are reported in the statement of revenues, expenditures, and changes in fund balances as other financing sources but are not reported as revenues in the statement of activities.

308,064

Repayments of capital lease obligations are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not result in an expense in the statement of activities.

284,638

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

Decrease in Accrued Interest Payable	6,882	
Increase in Compensated Absences Payable	(71,072)	
Total	(64,190)	(64,190)

Net Change in Net Position of Governmental Activities (\$53,407)

The notes to the basic financial statements are an integral part of this statement

Pickaway-Ross Career and Technology Center
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)*
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Total Revenues and Other Financing Sources	\$17,806,996	\$17,932,844	\$17,921,648	(\$11,196)
Total Expenditures and Other Financing Uses	17,695,926	17,395,926	16,966,905	429,021
<i>Net Change in Fund Balance</i>	111,070	536,918	954,743	417,825
<i>Fund Balance at Beginning of Year</i>	10,900,837	10,900,837	10,900,837	0
<i>Prior Year Encumbrances Appropriated</i>	95,924	95,924	95,924	0
<i>Fund Balance at End of Year</i>	<u>\$11,107,831</u>	<u>\$11,533,679</u>	<u>\$11,951,504</u>	<u>\$417,825</u>

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology Center
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Financing Sources	\$3,300,000	\$2,625,700	\$2,602,962	(\$22,738)
Total Expenditures and Other Financing Uses	3,428,069	3,228,069	2,987,157	240,912
<i>Net Change in Fund Balance</i>	(128,069)	(602,369)	(384,195)	218,174
<i>Fund Balance at Beginning of Year</i>	594,190	594,190	594,190	0
<i>Prior Year Encumbrances Appropriated</i>	128,070	128,070	128,070	0
<i>Fund Balance at End of Year</i>	<u>\$594,191</u>	<u>\$119,891</u>	<u>\$338,065</u>	<u>\$218,174</u>

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology Center
Statement of Fund Net Position
Internal Service Fund
As of June 30, 2020

	Dental Self- Insurance Fund
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$190,304
Cash and Cash Equivalents with Fiscal Agents	34,599
<i>Total Assets</i>	224,903
Liabilities:	
Claims Payable	6,320
<i>Total Liabilities</i>	6,320
Net Position:	
Unrestricted	218,583
<i>Total Net Position</i>	\$218,583

The notes to the basic financial statements are an integral part of this statement

Pickaway-Ross Career and Technology Center
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2020

	Dental Self- Insurance Fund
Operating Revenues:	
Charges for Services	\$131,547
<i>Total Operating Revenues</i>	131,547
Operating Expenses:	
Claims	113,639
<i>Total Operating Expenses</i>	113,639
<i>Operating Income</i>	17,908
<i>Net Position at Beginning of Year</i>	200,675
<i>Net Position at End of Year</i>	\$218,583

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology Center
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2020

	<u>Dental Self- Insurance Fund</u>
Increase in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Charges for Services	\$131,547
Claims	<u>(118,810)</u>
<i>Net Cash Flows Provided by Operating Activities</i>	<u>12,737</u>
<i>Net Increase in Cash and Cash Equivalents</i>	12,737
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>212,166</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$224,903</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$17,908
<i>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities</i>	
Decrease in Claims Payable	<u>(5,171)</u>
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$12,737</u></u>

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology Center
Statement of Fiduciary Assets and Liabilities
Agency Funds
As of June 30, 2020

Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$118,318</u>
<i>Total Assets</i>	<u><u>\$118,318</u></u>
Liabilities:	
Undistributed Monies	<u>\$118,318</u>
<i>Total Liabilities</i>	<u><u>\$118,318</u></u>

The notes to the basic financial statements are an integral part of this statement.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 1 – Description of the Center and Reporting Entity

Pickaway-Ross Career and Technology Center (the Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board form of government consisting of eleven representatives from the various elected City and County School Boards within Pickaway and Ross Counties. The Center possesses its own budgeting and taxing authority. The Center exposes students to job training leading to employment upon graduation from high school.

The Center was established in 1970 through the cooperation of all school districts involved. The Center serves an area of approximately 1,090 square miles. It is located in Ross County, and includes the school districts within Ross and Pickaway Counties. It is staffed by 36 non-certificated employees and 96 certificated full-time teaching personnel who provide services to 1,079 students and other community members. The Center currently operates 4 instructional buildings.

Reporting Entity:

The Center is a jointly governed organization, legally separate from other organizations. The Board of Education of the Center is not directly elected, although no other school district appoints a voting majority of the Board. None of the school districts that appoint Board members are financially accountable for the Center.

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

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

The following entities which perform activities within the Center's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the Center is not financially accountable for these entities nor are they fiscally dependent on the Center.

- Ross-Pike Educational Service District
- Cities of Chillicothe and Circleville
- Participating Local/City School Districts
- Pickaway County Educational Service Center

The Center is associated with four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are META Solutions, Great Seal Education Network of Tomorrow, Ross County School Employees Insurance Consortium and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, respectively. These organizations are presented in notes 16 and 17 to the basic financial statements.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 2 – Summary of Significant Accounting Policies

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

Fund Accounting

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

Governmental Funds

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

General Fund

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

Adult Education Fund

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

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

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The Center reports the following proprietary fund:

Internal Service Fund - Internal service funds are used to account for the financing of services provided by one department or agency to other departments or agencies of the Center on a cost-reimbursement basis. The internal service fund is used to account for the self-insurance program for employee dental insurance. In the statement of activities internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. The

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Center's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The Center's agency funds are used to account for student-managed activities and Federal student loan and grant programs administered by the Center.

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The government-wide statements usually distinguish between those activities of the Center that are governmental and those that are considered business-type activities. However, the Center has no business-type activities.

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

Fund Financial Statements

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

Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred inflows/outflows of resources, and liabilities associated with the operation of the Center are included on the statement of net position.

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, certain deferred inflows/outflows of resources and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

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

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

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. For the Center, deferred outflows of resources include amounts for pensions and other postemployment benefits. Information on pensions and other postemployment benefits is presented in notes 10 and 11.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, grants, pensions, and other postemployment benefits. Property taxes for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Grants and entitlements not received within the available period and delinquent property taxes due at June 30, 2020, are recorded as deferred inflows of resources in the governmental funds and as revenue on the statement of activities. Information on pensions and other postemployment benefits is presented in notes 10 and 11.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Budgetary Process

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

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

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

Cash and Investments

Cash received by the Center is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the general fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned during fiscal year 2020 was \$306,552, which was credited to the general fund. The Center also experienced an increase in fair value of investments of \$248,113, which was also recognized in the general fund.

The Center records all its investments at fair value. For presentation on the financial statements, investments of the cash management pool are considered to be cash equivalents. The Center has invested in the certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio), money market funds, commercial paper, and U.S. government agency securities during fiscal year 2020. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Center measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million. All accounts of the participant will be combined for these purposes.

Investments with original maturities of three months or less at the time they are purchased by the Center are reported as cash equivalents.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Assets Held for Resale

As an integral part of the instructional laboratory experience for the construction trades programs, houses are constructed on land owned by the Center for the purpose of being sold at public auction upon completion. The proceeds from the sale offset the building expenditures and asset held for resale on a modified accrual basis. The Center sold the home for \$249,409 at a loss of \$72,638. Transactions are conducted through the Center’s general fund for reporting purposes.

Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of \$5,000. The Center does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 20 years
Buildings and Improvements	10 - 40 years
Furniture and Equipment	5 - 20 years
Vehicles	5 years

Interfund Balances

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

Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the Center has identified as probable of receiving payment in the future. The Center records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the Center’s severance policy.

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

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

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

are recorded in the account “matured compensated absences payable” in the fund from which the employee will be paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, net pension and OPEB liabilities, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the government-wide financial statements when due.

Net Position

Net position represents the difference between assets, liabilities and deferred inflow/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include federal and state grants restricted to expenditures for specified purposes.

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

As of June 30, 2020, none of the Center’s restricted net position was restricted by enabling legislation.

Fund Balances

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

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

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

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

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

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

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

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 fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers are eliminated in the governmental activities column of the statement of activities.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Center, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

Estimates

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

Pensions/OPEB

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

Note 3 – Accountability

The adult basic education fund had a deficit fund balance of \$2,098. The deficit in this fund is due to adjustments for accrued liabilities and the timing of grant awards. The general fund provides transfers when cash is required, not when expenditures are incurred.

Note 4 – Budgetary Basis of Accounting

While the Center is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statements of revenues, expenditures and change in fund balance - budget and actual (budgetary

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

basis) presented for the general fund and adult education fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a restriction, commitment, or assignment of fund balance for governmental funds (GAAP basis).
4. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. These include the R.J. Pack student assistance, employee benefits, and termination benefits special revenue funds.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the general fund and adult education fund.

	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	\$1,420,976	(\$255,592)
Revenue Accruals	(233,623)	(37,007)
Expenditure Accruals	(125,808)	(4,564)
Encumbrances	(126,900)	(87,032)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	20,098	0
Budget Basis	\$954,743	(\$384,195)

Note 5 – Deposits and Investments

State statutes classify monies held by the 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 Center Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government

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For the Fiscal Year Ended June 30, 2020

National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, the Center's bank balance of \$813,729 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Investments At June 30, 2020, the Center had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Credit Rating*</u>	<u>Percentage of Portfolio</u>
STAR Ohio	\$5,517,408	Less than 1 year	AAAm	34.83%
Federal National Mortgage Association	598,981	1 to 2 years	AA+	3.78%
Federal National Mortgage Association	607,971	3 to 5 years	AA+	3.84%
Federal Home Loan Mortgage Corporation	400,057	1 to 2 years	AA+	2.53%
Federal Home Loan Mortgage Corporation	445,034	3 to 5 years	AA+	2.81%
Negotiable Certificates of Deposit	997,146	Less than 1 year	N/A	6.30%
Negotiable Certificates of Deposit	2,036,104	1 to 2 years	N/A	12.85%
Negotiable Certificates of Deposit	2,877,746	3 to 5 years	N/A	18.17%
Commercial Paper	2,352,243	Less than 1 year	A-1	14.85%
First American Treasury Obligations Money Market Fund	6,421	Less than 1 year	AAAm	0.04%
Total	\$15,839,111			100.00%

*Standard & Poor's credit rating.

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Center's recurring fair value measurements as of June 30, 2020. As discussed further in note 2, STAR Ohio is reported at its share price. All other investments of the Center are valued using quoted market prices (Level 1 inputs).

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

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Center's policy does not address credit risk beyond the requirements of the Ohio Revised Code. The Center limits their investments to money market funds, U.S. government agency securities, commercial paper, certificates of deposit, and STAR Ohio.

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 Center's investment policy allows investments in repurchase agreements, certificates of deposit, in financial institutions within the State of Ohio as designated by the Federal Reserve Board, and other investments as allowable per the Ohio Revised Code.

Custodial credit risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Center does not have a policy for custodial credit risk. All of the Center's investments are held in the name of the Center.

Note 6 – Property Taxes

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

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Property taxes include amounts levied against all real and public utility property located within the Center's boundaries. Property tax revenue received during calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received during calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The assessed values upon which 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	\$2,027,023,620	86.29%	\$2,125,390,400	85.56%
Public Utility Personal	322,072,590	13.71%	358,778,190	14.44%
Total Assessed Value	\$2,349,096,210	100.00%	\$2,484,168,590	100.00%

Tax Rate per \$1,000 of Assessed Valuation	\$4.20	\$4.20
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The Center receives property taxes from Pickaway, Ross, Madison, and Hocking Counties. The county auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2020, are 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, tangible 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 fiscal 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, 2020 was \$592,933 in the general fund.

Note 7 – Receivables

Receivables at June 30, 2020 consisted of property taxes, accounts (billings for user charged services, tuition and student fees), interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Nonmajor Funds:

Carl Perkins-Adult	\$2
Carl Perkins-Secondary	47,938
Early Childhood Education	12,000
Aspire	15,247
Innovative	37,138
Total Nonmajor Funds	<u>112,325</u>
Total Funds	<u>\$112,325</u>

Note 8 – Capital Assets

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

Asset Category	Balance at 7/1/19	Additions	Deletions	Balance at 6/30/20
<i>Nondepreciable Capital Assets:</i>				
Land	\$314,883	\$0	\$0	\$314,883
<i>Depreciable Capital Assets:</i>				
Land Improvements	154,922	0	0	154,922
Buildings and Improvements	25,255,202	61,400	0	25,316,602
Furniture and Equipment	4,445,388	154,539	0	4,599,927
Vehicles	205,095	0	0	205,095
Total Depreciable Capital Assets	<u>30,060,607</u>	<u>215,939</u>	<u>0</u>	<u>30,276,546</u>
<i>Accumulated Depreciation:</i>				
Land Improvements	(154,922)	0	0	(154,922)
Buildings and Improvements	(11,417,999)	(700,754)	0	(12,118,753)
Furniture and Equipment	(3,062,205)	(181,372)	0	(3,243,577)
Vehicles	(141,623)	(8,924)	0	(150,547)
Total Accumulated Depreciation	<u>(14,776,749)</u>	<u>(891,050)</u>	<u>0</u>	<u>(15,667,799)</u>
Depreciable Capital Assets, Net	<u>15,283,858</u>	<u>(675,111)</u>	<u>0</u>	<u>14,608,747</u>
Total Net Capital Assets	<u>\$15,598,741</u>	<u>(\$675,111)</u>	<u>\$0</u>	<u>\$14,923,630</u>

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Vocational	\$872,618
<i>Support Services:</i>	
Instructional Staff	10,138
Board of Education	2,500
Operation and Maintenance of Plant	5,091
Central	703
Total	<u>\$891,050</u>

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 9 – Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the Center contracted with Markel Insurance Company for fleet, liability, property, and boiler and machinery insurance.

Coverages provided by this company are as follows:

Building and Contents (\$1,000 deductible)	\$54,786,168
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability:	
Per Occurrence	1,000,000
Aggregate Limit	3,000,000
Commercial Excess Liability:	
Per Occurrence and Aggregate	5,000,000

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

Workers' Compensation

For fiscal year 2020, the Center participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the 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 percentage 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 ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

Self-Insurance

The Center is a member the Ross County School Employees Insurance Consortium, a shared risk pool (note 17), consisting of six school districts and other educational institutions within Ross County. The intent of the Consortium is to achieve the benefit of a reduced health insurance premium for the Center by virtue of its grouping and representation with other participants in the Consortium.

The Center is self-insured for dental insurance through Medical Mutual. The claims liability of \$6,320 reported in the internal service fund as of June 30, 2020 is based upon an estimate prepared by Medical Mutual based upon an analysis of claims paid after fiscal year end.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
2020	\$11,491	\$113,639	\$118,810	\$6,320
2019	0	126,416	114,925	11,491

Note 10 – Defined Benefit Pension Plans

Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* 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 11 for the required OPEB disclosures.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The Center’s contractually required contributions to SERS were \$285,822 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 website at www.strsoh.org.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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.

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, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The Center's contractually required contributions to STRS were \$1,375,122 for fiscal year 2020.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.05920220%	0.08230577%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.05673850%</u>	<u>0.08198706%</u>	
Change in Proportionate Share	<u>-0.00246370%</u>	<u>-0.00031871%</u>	
Proportionate Share of the Net Pension Liability	\$3,394,764	\$18,130,946	\$21,525,710
Pension Expense	\$352,619	\$2,797,844	\$3,150,463

At June 30, 2020, the 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>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$86,083	\$147,615	\$233,698
Changes of assumptions	0	2,129,831	2,129,831
Changes in proportion and differences between Center contributions and proportionate share of contributions	0	438,365	438,365
Center contributions subsequent to the measurement date	<u>285,822</u>	<u>1,375,122</u>	<u>1,660,944</u>
Total Deferred Outflows of Resources	<u>\$371,905</u>	<u>\$4,090,933</u>	<u>\$4,462,838</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$78,485	\$78,485
Net difference between projected and actual earnings on pension plan investments	43,576	886,141	929,717
Changes in proportion and differences between Center contributions and proportionate share of contributions	<u>213,191</u>	<u>230,706</u>	<u>443,897</u>
Total Deferred Inflows of Resources	<u>\$256,767</u>	<u>\$1,195,332</u>	<u>\$1,452,099</u>

\$1,660,944 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

Pickaway-Ross Career and Technology Center

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For the Fiscal Year Ended June 30, 2020

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	(\$88,497)	\$1,315,212	\$1,226,715
2022	(103,999)	312,750	208,751
2023	(2,898)	(194,086)	(196,984)
2024	24,710	86,603	111,313
Total	<u>(\$170,684)</u>	<u>\$1,520,479</u>	<u>\$1,349,795</u>

Actuarial Assumptions - SERS

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

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

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

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

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of

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inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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	10.00	3.00
Total	100.00 %	

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

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

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Center's proportionate share of the net pension liability	\$4,757,278	\$3,394,764	\$2,252,125

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:

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For the Fiscal Year Ended June 30, 2020

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

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

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

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

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

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

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

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

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For the Fiscal Year Ended June 30, 2020

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net pension liability	\$26,496,357	\$18,130,946	\$11,049,196

Note 11 – Postemployment Benefits

See note 10 for a description of the net OPEB liability

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, .5 percent of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the Center's surcharge obligation was \$21,227.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

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assigned to the Health Care Fund. The Center's contractually required contribution to SERS was \$21,227 for fiscal year 2020.

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 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 of Resources and Deferred 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 Center's proportion of the net OPEB liability (asset) was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.06027700%	0.08230577%	
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	<u>0.05582130%</u>	<u>0.08198706%</u>	
Change in Proportionate Share	<u>-0.00445570%</u>	<u>-0.00031871%</u>	
Proportionate Share of the Net OPEB Liability	\$1,403,788	\$0	\$1,403,788
Proportionate Share of the Net OPEB Asset	\$0	(\$1,357,902)	(\$1,357,902)
OPEB Expense	(\$19,448)	(\$402,181)	(\$421,629)

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$20,606	\$123,104	\$143,710
Changes of assumptions	102,531	28,543	131,074
Net difference between projected and actual earnings on pension plan investments	3,370	0	3,370
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	0	87,706	87,706
Center contributions subsequent to the measurement date	<u>21,227</u>	<u>0</u>	<u>21,227</u>
Total Deferred Outflows of Resources	<u>\$147,734</u>	<u>\$239,353</u>	<u>\$387,087</u>
 <i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$308,403	\$69,085	\$377,488
Changes of assumptions	78,662	1,488,782	1,567,444
Net difference between projected and actual earnings on OPEB plan investments	0	85,288	85,288
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	<u>292,737</u>	<u>33,537</u>	<u>326,274</u>
Total Deferred Inflows of Resources	<u>\$679,802</u>	<u>\$1,676,692</u>	<u>\$2,356,494</u>

\$21,227 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	(\$160,439)	(\$310,588)	(\$471,027)
2022	(95,707)	(310,590)	(406,297)
2023	(94,718)	(276,406)	(371,124)
2024	(94,878)	(264,414)	(359,292)
2025	(76,981)	(278,932)	(355,913)
Thereafter	<u>(30,572)</u>	<u>3,593</u>	<u>(26,979)</u>
Total	<u>(\$553,295)</u>	<u>(\$1,437,337)</u>	<u>(\$1,990,632)</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.

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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:

Wage 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 investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

The 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:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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	10.00	3.00
Total	100.00 %	

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 System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	<u>1% Decrease (2.22%)</u>	<u>Current Discount Rate (3.22%)</u>	<u>1% Increase (4.22%)</u>
Center's proportionate share of the net OPEB liability	\$1,703,933	\$1,403,788	\$1,165,138
	<u>1% Decrease (6.00% decreasing to 3.75%)</u>	<u>Current Trend Rate (7.00% decreasing to 4.75%)</u>	<u>1% Increase (8.00% decreasing to 5.75%)</u>
Center's proportionate share of the net OPEB liability	\$1,124,719	\$1,403,788	\$1,774,046

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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:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were 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.

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:

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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

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

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

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

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
Center's proportionate share of the net OPEB asset	(\$1,158,699)	(\$1,357,902)	(\$1,525,386)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Center's proportionate share of the net OPEB asset	(\$1,539,799)	(\$1,357,902)	(\$1,135,123)

Note 12 – Employee Benefits

Compensated Absences

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

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 285 days for all personnel. Upon retirement, payment is made for one-fourth of the first 180 days of accrued, but unused sick leave credit, to a maximum of 45 days, plus one-tenth of days 181 through 285, to a maximum of 10 and one-half days for all employees.

Insurance Benefits

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

Deferred Compensation

Center employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 13 – Capital Leases – Lessee Disclosure

During fiscal year 2006, the Center issued Qualified Zone Academy Bonds (QZAB) in the amount of \$5,220,000 at 0% interest, maturing in September 2021. The terms of these QZAB are structured as a non-certificated lease-purchase agreement. This agreement also included a grant in the amount of \$853,820, making the total amount to be repaid \$4,366,180.

During fiscal year 2017, the Center entered into a capital lease for the purchase of a bucket truck.

These leases meet the criteria of capital leases as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

The capital assets acquired by the leases have been capitalized in the statement of net position for governmental activities in the amount of \$4,935,413. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2020 totaled \$284,638.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2020:

<u>Year Ending June 30</u>	<u>Capital Leases</u>
2021	\$278,977
2022	272,887
Total Debt Payments	551,864
Less: Interest	(87)
Total Principal	<u>\$551,777</u>

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 14 – Long-Term Obligations

Long-term debt and other obligations at June 30, 2020 and the related transactions for the year then ended are summarized below:

	Principal Outstanding at 7/1/19	Additions	Deletions	Principal Outstanding at 6/30/20	Amount Due in One Year
Governmental Activities:					
Capital Lease-QZAB	\$818,659	\$0	(\$272,886)	\$545,773	\$272,886
Capital Lease-Bucket Truck	17,756	0	(11,752)	6,004	6,004
School Improvement Bonds	624,422	0	(308,064)	316,358	316,358
Compensated Absences	1,689,681	553,553	(482,481)	1,760,753	289,593
Net Pension Liability	21,487,811	37,899	0	21,525,710	0
Net OPEB Liability	1,672,247	0	(268,459)	1,403,788	0
Total Long-Term Obligations	\$26,310,576	\$591,452	(\$1,343,642)	\$25,558,386	\$884,841

2015 General Obligation School Improvement Bonds On August 24, 2016, the Center issued \$1,500,000 in school improvement bonds for the purpose of paying the costs of acquiring a building. The bond holds a 2.7 percent interest rate with a five-year term. Principal and interest payments are due August 31 until the bond matures on August 31, 2020. The bond will be repaid from the permanent improvement fund.

Capital leases are being paid from the general fund and adult education fund. Compensated absences are being paid from the funds from which the employees' salaries are paid, with the significant funds being the general fund and the adult education fund. The Center pays obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to retire the school improvement bonds at June 30, 2020 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$316,358	\$8,565	\$324,923

The Center's overall legal debt margin was \$223,258,815 and an unvoted debt margin of \$2,484,169 at June 30, 2020.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 15 – Interfund Activity

For the fiscal year ended June 30, 2020, transfers in and out that resulted from various interfund transactions were as follows:

	Transfer In	Transfer Out
<i>Major Fund:</i>		
General	\$0	\$598,030
<i>Nonmajor Funds:</i>		
Permanent Improvement	489,865	0
Food Service	45,000	0
Construction		109,865
Classroom Facilities Maintenance	173,030	0
Total Nonmajor Funds	<u>\$707,895</u>	<u>109,865</u>
Total	<u>\$707,895</u>	<u>\$707,895</u>

The general fund transferred monies to various funds to subsidize operations. The construction fund's remaining fund balance was transferred to the permanent improvement fund, in accordance with OFCC guidelines, to provide funds for future permanent improvements.

As of June 30, 2020, the Center's interfund receivable/payable balances were as follows:

	Receivable	Payable
<i>Major Fund:</i>		
General	\$42,208	\$0
<i>Nonmajor Funds:</i>		
Adult Basic Literacy	0	15,247
Vocational Education	0	26,961
Total Nonmajor Funds	<u>0</u>	<u>42,208</u>
Total	<u>\$42,208</u>	<u>\$42,208</u>

The general fund advanced monies to nonmajor special revenue funds in anticipation of grant funds.

Note 16 – Jointly Governed Organizations

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

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The Center paid META Solutions \$71,558 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Great Seal Education Network of Tomorrow – The Center is a member of the Great Seal Education Network of Tomorrow (the Council). The Council is a regional council of governments consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the Board of Education) of each of the members. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

Note 17 – Public Entity Shared Risk and Insurance Purchasing Pools

Ross County School Employees Insurance Consortium – The Ross County School Employees Insurance Consortium (the Consortium), a shared risk pool, currently operates to provide medical and dental insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Seven school districts within Ross County and its surrounding area have entered into an agreement with the Ross-Pike Educational Service District to form the Ross County School Employees Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of medical and dental insurance for the benefit of the Consortium members’ employees and their dependents, to obtain lower costs for insurance coverage, and to secure cost control by implementing a program of comprehensive loss control. The Consortium’s business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium.

Accordingly, the Ross County School Employees Insurance Consortium is not part of the Center and its operations are not included as part of the reporting entity. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan – The Center participates in the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 18 – Statutory Set-Asides

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

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

	<u>Capital Maintenance</u>
Set-Aside Balance as of June 30, 2019	\$0
Current Year Set-Aside Requirement	202,769
Qualifying Disbursements	(380,000)
Current Year Offsets	(328,961)
Totals	<u>(\$506,192)</u>
Set-Aside Balance as of June 30, 2020	<u>\$0</u>
Total Restricted Assets	<u>\$0</u>

The Center had qualifying disbursements and offsets during the year that reduced the set-aside amount below zero in the capital maintenance set-aside. This extra amount may not be carried forward and used to reduce the set-aside requirements of future years.

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 19 – Encumbrance Commitments

At June 30, 2020, the Center had encumbrance commitments in governmental funds as follows:

<i>Major Funds:</i>	
General	\$126,900
Adult Education	87,032
<i>Nonmajor Funds:</i>	
Permanent Improvement	4,950
Other Local Grants	541
Student Wellness	2,360
Innovative Strategies	29,504
Total Nonmajor Funds	<u>37,355</u>
Total Encumbrances	<u>\$251,287</u>

Note 20 – Fund Balances

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

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
<i>Restricted</i>				
Other Purposes	\$0	\$0	\$44,278	\$44,278
Food Service	0	0	7,137	7,137
Classroom Facilities Maintenance	0	0	937,512	937,512
Adult Education	0	721,815	0	721,815
Total Restricted	<u>0</u>	<u>721,815</u>	<u>988,927</u>	<u>1,710,742</u>
<i>Committed</i>				
Other Purposes	2,500	0	0	2,500
Termination Benefits	281,496	0	0	281,496
Employee Benefits	947,958	0	0	947,958
Capital Improvements	0	0	844,784	844,784
Total Committed	<u>1,231,954</u>	<u>0</u>	<u>844,784</u>	<u>2,076,738</u>
<i>Assigned</i>				
Other Purposes	168,407	0	0	168,407
<i>Unassigned (Deficit)</i>	<u>11,239,782</u>	<u>0</u>	<u>(2,098)</u>	<u>11,237,684</u>
Total Fund Balances	<u>\$12,640,143</u>	<u>\$721,815</u>	<u>\$1,831,613</u>	<u>\$15,193,571</u>

Pickaway-Ross Career and Technology Center

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

Note 21 – Contingencies

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2020, if applicable, cannot be determined at this time.

Litigation

The Center is currently party to litigation. Although management cannot presently determine the outcome of this litigation, management believes that the resolution of these matters will not materially adversely affect the Center's financial condition.

State Foundation Funding

School District 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. ODE has finalized the adjustments and they did not have any significant impact on the Center's funding.

Note 22 – 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 continuing emergency measures may impact subsequent periods of the Center. The Center's investment portfolio and the investments of the pension and other employee benefit plan in which the Center participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Center's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Pickaway-Ross Career and Technology Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
Last Seven Fiscal Years

	2014	2015	2016	2017	2018	2019	2020
<i>State Teachers Retirement System</i>							
Center's proportion of the net pension liability	0.07813591%	0.07813591%	0.07871369%	0.08050329%	0.08337329%	0.08230577%	0.08198706%
Center's proportionate share of the net pension liability	\$22,639,057	\$19,005,357	\$21,754,162	\$26,946,878	\$19,805,504	\$18,097,191	\$18,130,946
Center's covered-employee payroll	\$8,171,138	\$8,019,362	\$8,349,964	\$8,772,664	\$9,408,950	\$9,353,879	\$9,656,900
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	277.1%	237.0%	260.5%	307.2%	210.5%	193.5%	187.8%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%
<i>School Employees Retirement System</i>							
Center's proportion of the net pension liability	0.05941800%	0.05941800%	0.06096640%	0.06859640%	0.06514580%	0.05920220%	0.05673850%
Center's proportionate share of the net pension liability	\$3,533,398	\$3,007,111	\$3,478,802	\$5,020,624	\$3,892,318	\$3,390,620	\$3,394,764
Center's covered-employee payroll	\$1,757,153	\$1,707,843	\$1,796,199	\$2,213,221	\$1,861,786	\$1,688,274	\$1,861,556
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.1%	176.1%	193.7%	226.8%	209.1%	200.8%	182.4%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See accompanying notes to the required supplementary information.

Pickaway-Ross Career and Technology Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability (Asset)
Last Four Fiscal Years

	2017	2018	2019	2020
<i>State Teachers Retirement System</i>				
Center's proportion of the net OPEB liability (asset)	0.08050329%	0.08337329%	0.08230577%	0.08198706%
Center's proportionate share of the net OPEB liability (asset)	\$4,458,825	\$3,252,918	(\$1,322,570)	(\$1,357,902)
Center's covered-employee payroll	\$8,772,664	\$9,408,950	\$9,353,879	\$9,656,900
Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	50.8%	34.6%	-14.1%	-14.1%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%
 <i>School Employees Retirement System</i>				
Center's proportion of the net OPEB liability	0.06859640%	0.06463300%	0.06027700%	0.05582130%
Center's proportionate share of the net OPEB liability	\$1,842,280	\$1,734,580	\$1,672,247	\$1,403,788
Center's covered-employee payroll	\$2,213,221	\$1,861,786	\$1,688,274	\$1,861,556
Center's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	83.2%	93.2%	99.1%	75.4%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See accompanying notes to the required supplementary information.

Pickaway-Ross Career and Technology Center
Required Supplementary Information
Schedule of Center Contributions
Last Ten Fiscal Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$1,141,302	\$1,118,682	\$1,062,248	\$1,042,517	\$1,168,995	\$1,228,173	\$1,317,253	\$1,309,543	\$1,351,966	\$1,375,122
Contractually required contribution - OPEB	87,792	86,052	81,711	80,194	0	0	0	0	0	0
Contractually required contribution - total	1,229,094	1,204,734	1,143,959	1,122,711	1,168,995	1,228,173	1,317,253	1,309,543	1,351,966	1,375,122
Contributions in relation to the contractually required contribution	1,229,094	1,204,734	1,143,959	1,122,711	1,168,995	1,228,173	1,317,253	1,309,543	1,351,966	1,375,122
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Center's covered-employee payroll	\$8,779,246	\$8,605,246	\$8,171,138	\$8,019,362	\$8,349,964	\$8,772,664	\$9,408,950	\$9,353,879	\$9,656,900	\$9,822,300
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$223,037	\$243,174	\$243,190	\$236,707	\$236,739	\$309,851	\$260,650	\$227,917	\$251,310	\$285,822
Contractually required contribution - OPEB (1)	25,373	9,944	2,811	2,391	14,729	0	0	8,441	9,308	0
Contractually required contribution - total	248,410	253,118	246,001	239,098	251,468	309,851	260,650	236,358	260,618	285,822
Contributions in relation to the contractually required contribution	248,410	253,118	246,001	239,098	251,468	309,851	260,650	236,358	260,618	285,822
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Center's covered-employee payroll	\$1,774,360	\$1,807,985	\$1,757,153	\$1,707,843	\$1,796,199	\$2,213,221	\$1,861,786	\$1,688,274	\$1,861,556	\$2,041,586
Contributions as a percentage of covered-employee payroll - pension	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.43%	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 or 2020.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption 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.

There were no changes in assumptions for fiscal years 2019 or 2020.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

Pickaway-Ross Career and Technology Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

Pickaway-Ross Career and Technology Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- 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 2.5 percent with a floor of 0 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 calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 or 2020.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

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

There were no changes in assumptions for fiscal years 2019 or 2020.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2020.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:

Pickaway-Ross Career and Technology Center
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

- RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – not presented

Pickaway-Ross Career & Technology Center
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2020

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Awards Expenditures
<u>United States Department of Agriculture</u>			
<i>Passed through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	3L70	10.553	\$32,725
COVID-19 School Breakfast Program	3L70	10.553	2,317
National School Lunch Program	3L60	10.555	92,857
National School Lunch Program-non-cash assistance	3L60	10.555	20,381
COVID-19 National School Lunch Program	3L60	10.555	6,646
Total Child Nutrition Cluster			154,926
Total United States Department of Agriculture			154,926
<u>United States Department of Education</u>			
<i>Direct from the Federal Agency</i>			
Student Financial Aid Cluster:			
Federal Direct Student Loans	N	84.268	520,860
Federal Pell Grant Program	N	84.063	390,795
Total Student Financial Aid Cluster			911,655
Education Stabilization Fund			
COVID-19 Higher Education Emergency Relief for Institutions	N	84.425F	19,326
Total Education Stabilization Fund			19,326
<i>Passed through the Ohio Department of Education</i>			
Career and Technical Education-Basic Grants to States	3L90	84.048	428,693
Adult Education-Basic Grants to States	N/A	84.002	175,930
Total Pass Through the Ohio Department of Education			604,623
Total United States Department of Education			1,535,604
<u>United States Department of Labor</u>			
<i>Passed through Ohio Department of Jobs and Family Services</i>			
WIOA Cluster:			
WIOA Youth Activities	N/A	17.259	159,510
Total WIOA Cluster			159,510
Total United States Department of Labor			159,510
<u>United States Department of Health and Human Services</u>			
<i>Passed through Ohio Department of Jobs and Family Services</i>			
TANF Cluster:			
Temporary Assistance for Needy Families CCMEP	N/A	93.558	111,234
Total TANF Cluster			111,234
Total United States Department of Health and Human Services			111,234
Total Federal Financial Assistance			\$1,961,274

N - direct award.
N/A - not applicable

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Pickaway-Ross Career and Technical Center
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2020

Note 1 – Basis of Presentation

The accompanying schedule of federal awards expenditures (the schedule) is a summary of the activity of the Center's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position and changes in net position of the Center.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 – Food Donation Program

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

Note 4 – Child Nutrition Cluster

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

Note 5 – Federal Direct Student Loans

The Center participates in the Federal Direct Student Loan Program. The dollar amounts listed in the schedule of federal awards expenditures represents new loans advanced during the fiscal year ended June 30, 2020. The Center is a direct lender for these loan funds; however, they are not responsible for collecting these loans in future periods.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Board
Pickaway-Ross Career and Technology Center
895 Crouse Chapel Road
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pickaway-Ross Career and Technology Center, Ross County, (the Center) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 22, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center.

Internal Control Over Financial Reporting

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

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

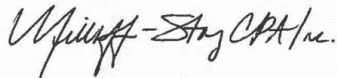
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

January 22, 2021

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Members of the Board
Pickaway-Ross Career and Technology Center
895 Crouse Chapel Road
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

We have audited Pickaway-Ross Career and Technology Center's, Ross County, (the Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2020. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

Opinion on the Major Federal Program

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2020.

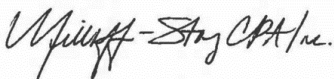
Report on Internal Control Over Compliance

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Millhuff-Stang, CPA, Inc.
Portsmouth, Ohio

January 22, 2021

Pickaway-Ross Career and Technical Center
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No
Identification of major program(s):	Student Financial Aid Cluster: Federal Direct Student Loans (CFDA #84.268) and Federal Pell Grant Program (CFDA #84.063)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

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OHIO AUDITOR OF STATE KEITH FABER



PICKAWAY-ROSS CAREER & TECHNOLOGY CENTER

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/23/2021

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