



OHIO AUDITOR OF STATE
KEITH FABER



**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Prepared by Management:	
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	
June 30, 2021	16
Statement of Activities	
For the Fiscal Year Ended June 30, 2021	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	
June 30, 2021	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	
June 30, 2021	19
Statement of Revenues, Expenditures and Changes In Fund Balances Governmental Funds	
For the Fiscal Year Ended June 30, 2021	20
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds To the Statement of Activities	
For the Fiscal Year Ended June 30, 2021	21
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund	
For the Fiscal Year Ended June 30, 2021	22
Statement of Revenues, Expenditures and Changes In Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) Adult Education Fund	
For the Fiscal Year Ended June 30, 2021	23
Statement of Changes in Fiduciary Net Position Fiduciary Fund	
For the Fiscal Year Ended June 30, 2021	24
Notes to the Basic Financial Statements	25

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**TABLE OF CONTENTS
(CONTINUED)**

TITLE	PAGE
Schedules of Required Supplemental Information:	
Schedule of the Center's Proportionate Share of the Net Pension Liability School Employees Retirement System (SERS) of Ohio Last Eight Fiscal Years	64
Schedule of the Center's Proportionate Share of the Net Pension Liability State Teachers Retirement System (STRS) of Ohio Last Eight Fiscal Years	66
Schedule of Center Pension Contributions School Employees Retirement System (SERS) of Ohio Last Ten Fiscal Years	68
Schedule of Center Pension Contributions State Teachers Retirement System (STRS) of Ohio Last Ten Fiscal Years	70
Schedule of the Center's Proportionate Share of the Net OPEB Liability School Employees Retirement System (SERS) of Ohio Last Five Fiscal Years	72
Schedule of the Center's Proportionate Share of the Net OPEB Liability/Asset State Teachers Retirement System (STRS) of Ohio Last Five Fiscal Years	74
Schedule of Center OPEB Contributions School Employees Retirement System (SERS) of Ohio Last Ten Fiscal Years	76
Schedule of Center OPEB Contributions State Teachers Retirement System (STRS) of Ohio Last Ten Fiscal Years	78
Notes to the Required Supplementary Information	80
Schedule of Expenditures of Federal Awards	83
Notes to the Schedule of Expenditures of Federal Awards.....	84
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	85

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**TABLE OF CONTENTS
(CONTINUED)**

TITLE	PAGE
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	87
Schedule of Findings.....	89

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Four County Career Center
Henry County
22900 State Route 34
Archbold, Ohio 43502-9541

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, Henry County, Ohio (the Center), as of and for the year ended June 30, 2021, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Center, as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted to opine on the Center's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2022, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2022

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**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The Center's net position of governmental activities increased \$3,641,863 which represents a 51.07% increase from 2020's net position.
- Governmental activities' general revenues accounted for \$17,378,876 in revenue or 72.51% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,588,834 in revenue or 27.49% of total revenues of \$23,967,710.
- The Center had \$20,325,847 in expenses related to governmental activities; only \$6,588,834 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,378,876 were adequate to provide for these programs.
- The Center's major governmental funds are the general fund and adult education fund. The general fund had \$20,510,363 in revenues and other financing sources and \$17,194,133 in expenditures and other financing uses. The general fund's fund balance increased \$3,316,230 from \$17,768,312 to \$21,084,542.
- The adult education fund had \$1,112,615 in revenues and \$851,829 in expenditures. The adult education fund's fund balance increased \$260,786 from \$322,602 to \$583,388.

Using the Basic Financial Statements (BFS)

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

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

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did the Center do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Reporting the Center's Fiduciary Responsibilities

The Center acts in a trustee capacity as an agent for individuals, private organizations, other governmental units, and/or other funds. These activities are reported in custodial funds. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The table on the next page provides a summary of the Center's net position for June 30, 2021 and June 30, 2020.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

Net Position

	Governmental Activities 2021	Governmental Activities 2020
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 39,128,949	\$ 34,295,740
Capital assets, net	<u>10,784,755</u>	<u>10,998,272</u>
Total assets	<u>49,913,704</u>	<u>45,294,012</u>
<u>Deferred outflows of resources</u>		
Pension	3,911,299	4,014,084
OPEB	<u>495,155</u>	<u>360,203</u>
Total deferred outflows of resources	<u>4,406,454</u>	<u>4,374,287</u>
<u>Liabilities</u>		
Current liabilities	2,086,366	1,961,799
Long-term liabilities:		
Due within one year	523,040	520,480
Due in more than one year:		
Net pension liability	22,439,590	20,340,728
Net OPEB liability	1,473,399	1,691,324
Other amounts	<u>3,125,858</u>	<u>3,451,126</u>
Total liabilities	<u>29,648,253</u>	<u>27,965,457</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	10,729,647	10,685,316
Pension	730,242	1,774,832
OPEB	<u>2,438,575</u>	<u>2,111,116</u>
Total deferred inflows of resources	<u>13,898,464</u>	<u>14,571,264</u>
<u>Net position</u>		
Net investment in capital assets	8,184,393	8,237,217
Restricted	2,424,861	1,806,326
Unrestricted (deficit)	<u>164,187</u>	<u>(2,911,965)</u>
Total net position	<u>\$ 10,773,441</u>	<u>\$ 7,131,578</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

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

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

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

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

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

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

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

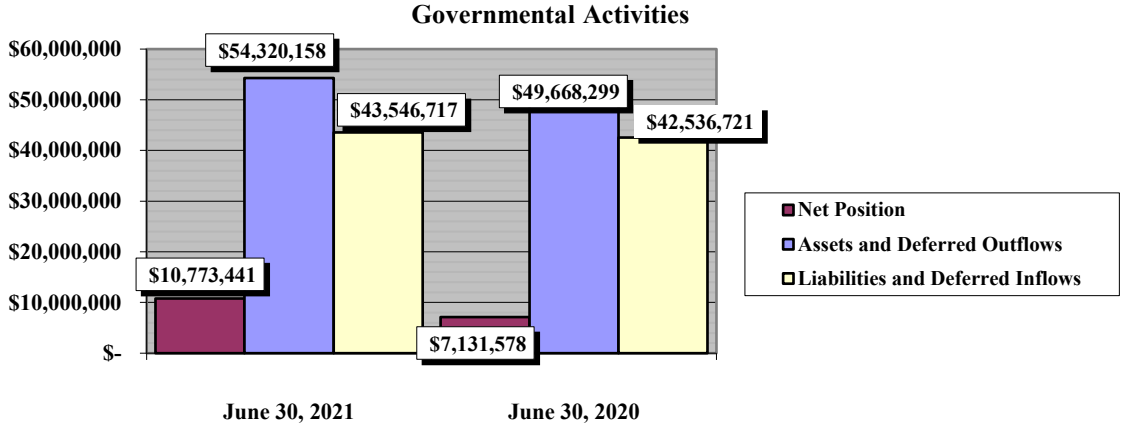
Current assets increased because of an increase in the Center's cash and investments balances.

Long-term liabilities increased primarily due to an increase in the net pension liability. This liability is outside of the control of the Center. The Center contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions to the Center's employees, not the Center.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

The graph below illustrates the Center's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2021 and 2020.



The table below shows the changes in net position for governmental activities between 2021 and 2020.

Change in Net Position

Governmental Activities

	2021	2020
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,876,738	\$ 1,508,850
Operating grants and contributions	4,712,096	4,218,414
General revenues:		
Property taxes	12,049,678	11,421,686
Grants and entitlements	5,095,866	5,063,590
Investment earnings	111,088	333,052
Miscellaneous	122,244	42,093
Total revenues	<u>23,967,710</u>	<u>22,587,685</u>

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**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

Governmental Activities

<u>Expenses</u>	<u>2021</u>	<u>2020</u>
Program expenses:		
Instruction:		
Vocational	\$ 11,732,130	\$ 11,458,493
Adult/continuing	1,293,322	1,189,096
Other	22,945	11,497
Support services:		
Pupil	1,832,983	1,783,213
Instructional staff	469,401	543,988
Board of education	77,639	66,726
Administration	1,572,375	1,536,230
Fiscal	701,321	659,457
Business	98,573	92,675
Operations and maintenance	1,387,275	1,458,472
Pupil transportation	20,215	21,250
Central	407,721	398,801
Operation of non-instructional services:		
Food service operations	582,808	459,291
Other non-instructional services	535	1,500
Extracurricular activities	55,887	63,512
Interest and fiscal charges	70,717	76,828
Total expenses	<u>20,325,847</u>	<u>19,821,029</u>
Change in net position	3,641,863	2,766,656
Net position at beginning of year	<u>7,131,578</u>	<u>4,364,922</u>
Net position at end of year	<u>\$ 10,773,441</u>	<u>\$ 7,131,578</u>

Governmental Activities

Net position of the Center's governmental activities increased \$3,641,863. Total governmental expenses of \$20,325,847 were offset by program revenues of \$6,588,834 and general revenues of \$17,378,876. Program revenues supported 32.42% of the total governmental expenses.

Expenses of the governmental activities increased \$504,818 or 2.55%. Most of this is due to the increasing cost of wages and benefits.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 71.54% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the Center is for instructional programs. Instruction expenses totaled \$13,048,397 or 64.20% of total governmental expenses for fiscal year 2021.

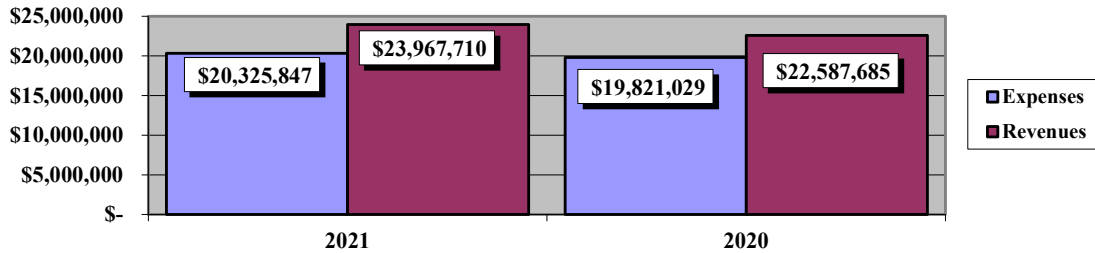
Total revenues increased \$1,380,025 or 6.11%. This was due to an increase in property tax revenue as a result of an increase in the Center's assessed valuation. Operating grants and contributions increased due to the Center receiving several grants from the CARES Act.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

The graph below presents the Center's governmental activities revenues and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses:				
Instruction:				
Vocational	\$ 11,732,130	\$ 7,495,000	\$ 11,458,493	\$ 7,276,901
Adult/continuing	1,293,322	(34,840)	1,189,096	318,209
Other	22,945	22,945	11,497	11,497
Support services:				
Pupil	1,832,983	1,501,269	1,783,213	1,529,265
Instructional staff	469,401	442,215	543,988	521,262
Board of education	77,639	77,639	66,726	66,726
Administration	1,572,375	1,562,995	1,536,230	1,526,391
Fiscal	701,321	701,321	659,457	659,457
Business	98,573	95,943	92,675	91,821
Operations and maintenance	1,387,275	1,330,845	1,458,472	1,437,672
Pupil transportation	20,215	20,215	21,250	19,343
Central	407,721	364,006	398,801	359,412
Operation of non-instructional services:				
Food service operations	582,808	64,953	459,291	154,521
Other non-instructional services	535	535	1,500	650
Extracurricular activities	55,887	21,255	63,512	43,810
Interest and fiscal charges	70,717	70,717	76,828	76,828
Total expenses	<u>\$ 20,325,847</u>	<u>\$ 13,737,013</u>	<u>\$ 19,821,029</u>	<u>\$ 14,093,765</u>

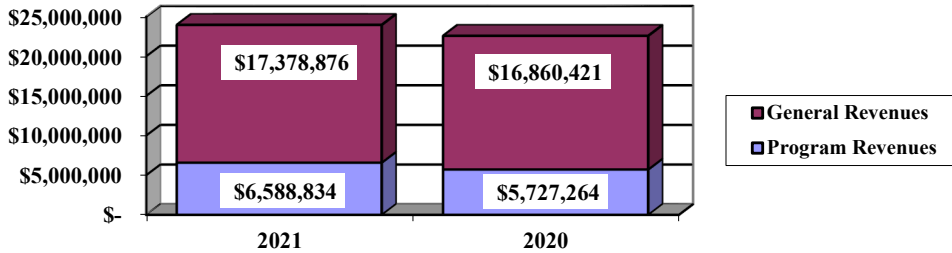
The dependence upon taxes and other general revenues for governmental activities is apparent, as 57.35% of fiscal year 2021 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 67.58% in fiscal year 2021. The Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Center's students.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

The graph below presents the Center's governmental activities revenue for fiscal years 2021 and 2020.

Governmental Activities - General and Program Revenues



The Center's Funds

The Center's governmental funds reported a combined fund balance of \$24,207,539, which is greater than last year's total balance of \$19,990,870. The table below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Change
General	\$ 21,084,542	\$ 17,768,312	\$ 3,316,230
Adult education	583,388	322,602	260,786
Nonmajor governmental	<u>2,539,609</u>	<u>1,899,956</u>	<u>639,653</u>
Total	<u>\$ 24,207,539</u>	<u>\$ 19,990,870</u>	<u>\$ 4,216,669</u>

General Fund

The Center's general fund balance increased \$3,316,230, which is primarily due to an increase in property tax revenues in fiscal year 2021.

The table that follows assists in illustrating the revenues of the general fund.

	2021 Amount	2020 Amount	Change	Percentage Change
Revenues				
Property taxes	\$ 11,217,645	\$ 10,896,485	\$ 321,160	2.95 %
Tuition and fees	646,268	552,592	93,676	16.95 %
Earnings on investments	109,120	332,206	(223,086)	(67.15) %
Intergovernmental	8,233,666	8,229,195	4,471	0.05 %
Other revenues	<u>302,470</u>	<u>201,837</u>	<u>100,633</u>	<u>49.86 %</u>
Total	<u>\$ 20,509,169</u>	<u>\$ 20,212,315</u>	<u>\$ 296,854</u>	<u>1.47 %</u>

Overall revenues of the general fund increased \$296,854 or 1.47%. Property taxes increased 2.95% from fiscal year 2020 primarily due to an increase in the assessed valuation. Earnings on investments decreased \$223,086 due to lower interest rates on the Center's investments. Other revenues increased primarily due to several dividends received from the Ohio Bureau of Workers' Compensation.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

The table that follows assists in illustrating the expenditures of the general fund.

	2021 <u>Amount</u>	2020 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
Instruction	\$ 11,026,063	\$ 10,714,135	\$ 311,928	2.91 %
Support services	5,871,714	5,914,959	(43,245)	(0.73) %
Operation of non-instructional services	24,999	3,973	21,026	529.22 %
Extracurricular activities	49,124	52,617	(3,493)	(6.64) %
Debt service	24,233	24,234	(1)	(0.00) %
Total	<u>\$ 16,996,133</u>	<u>\$ 16,709,918</u>	<u>\$ 286,215</u>	1.71 %

Overall expenditures of the general fund increased \$286,215 or 1.71%. The overall increase in expenditures of the general fund is primarily due to increased costs for salaries and benefits.

Adult Education Fund

The adult education fund had \$1,112,615 in revenues and \$851,829 in expenditures. The adult education fund's fund balance increased \$260,786 from \$322,602 to \$583,388.

General Fund Budgeting Highlights

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Center uses site-based budgeting, and the budgeting systems are designed to tightly control total site budgets while still providing flexibility for site management. The most significant budgeted fund is the general fund.

For the general fund, final budgeted revenues and other financing sources were \$19,357,668, which were unchanged from the original budgeted revenues. Actual revenues and other financing sources of \$20,598,983 were \$1,241,315 greater than final budgeted revenues and other financing sources. This is a result of the Center's conservative budgeting practices.

General fund original appropriations (expenditures and other financing uses) of \$18,202,650 were increased to \$18,348,552 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$17,387,982, which was \$960,570 less than the final budget estimates. This is a result of the Center's conservative budgeting practices.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the Center had \$10,784,755 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The total amount was reported in governmental activities. The table on the next page shows June 30, 2021 balances compared to June 30, 2020.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$ 219,258	\$ 219,258
Construction in progress	75,124	-
Land improvements	180,239	207,646
Buildings and improvements	9,053,089	9,437,666
Furniture and equipment	1,015,804	900,671
Vehicles	241,241	233,031
Total	\$ 10,784,755	\$ 10,998,272

The overall decrease in capital assets of \$213,517 is due to depreciation expense of \$604,833 exceeding capital asset additions of \$391,316. See Note 8 to the basic financial statements for additional information on the Center's capital assets.

Debt Administration

At June 30, 2021, the Center had \$2,479,456 in bonds, notes and capital lease obligations outstanding. Of this total, \$242,568 is due within one year and \$2,236,888 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2021 and June 30, 2020.

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
Limited tax GO bonds	\$ 2,200,000	\$ 2,290,000
Permanent improvement TAN	245,000	365,000
Capital leases	34,456	55,412
	\$ 2,479,456	\$ 2,710,412

At June 30, 2021, the Center's overall legal debt margin was \$349,910,374, with an unvoted debt margin of \$3,911,176.

See Note 10 to the basic financial statements for additional information on the Center's debt administration.

Current Financial Related Activity

The Four County Career Center (the Center) covers portions of eight different counties geographically, which consists mostly of residential/farming communities. The building and facilities on the main campus, as well as additional satellite locations, house high school and adult education programming.

Property tax levies passed in 1976, 1979, 1988 and 2016 on a continuous basis are in place to help fund the general fund operations of the Center. Overall revenue in this fund remained at the same level as the prior year.

State funding for fiscal years 2020 and 2021 were frozen at 2019 levels. The Fair School Funding Plan will become effective with fiscal year 2022. The uncertainty of the impact of changes with school funding, as well as potential public utility valuation changes may create future challenges; however, the financial stability of the Center continues to be a top priority.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(Unaudited)

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Connie Nicely, Treasurer/CFO, Four County Career Center, 22-900 State Route 34, Archbold, Ohio, 43502

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 24,886,749
Receivables:	
Property taxes	12,335,540
Accounts	400,717
Accrued interest	10,901
Intergovernmental	53,012
Prepayments	45,277
Materials and supplies inventory	108,196
Inventory held for resale	6,282
Net OPEB asset	1,282,275
Capital assets:	
Nondepreciable capital assets	294,382
Depreciable capital assets, net	10,490,373
Capital assets, net	10,784,755
Total assets	49,913,704
 Deferred outflows of resources:	
Pension	3,911,299
OPEB	495,155
Total deferred outflows of resources	4,406,454
 Liabilities:	
Accounts payable	24,681
Contracts payable	75,124
Accrued wages and benefits	1,683,097
Intergovernmental payable	86,326
Pension and postemployment obligation payable	211,275
Accrued interest payable	5,863
Long-term liabilities:	
Due within one year	523,040
Due in more than one year:	
Net pension liability	22,439,590
Net OPEB liability	1,473,399
Other amounts due in more than one year	3,125,858
Total liabilities	29,648,253
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	10,729,647
Pension	730,242
OPEB	2,438,575
Total deferred inflows of resources	13,898,464
 Net position:	
Net investment in capital assets	8,184,393
Restricted for:	
Capital projects	1,245,521
Debt service	98,695
Adult education	583,388
State funded programs	413,975
Extracurricular	58,143
Other purposes	25,139
Unrestricted	164,187
Total net position	\$ 10,773,441

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Vocational	\$ 11,732,130	\$ 790,781	\$ 3,446,349	\$ (7,495,000)
Adult/continuing	1,293,322	957,338	370,824	34,840
Other	22,945			(22,945)
Support services:				
Pupil	1,832,983		331,714	(1,501,269)
Instructional staff	469,401		27,186	(442,215)
Board of education	77,639			(77,639)
Administration	1,572,375		9,380	(1,562,995)
Fiscal	701,321			(701,321)
Business	98,573	2,630		(95,943)
Operations and maintenance	1,387,275	15,096	41,334	(1,330,845)
Pupil transportation	20,215			(20,215)
Central	407,721		43,715	(364,006)
Operation of non-instructional services:				
Food service operations	582,808	76,261	441,594	(64,953)
Other non-instructional services	535			(535)
Extracurricular activities	55,887	34,632		(21,255)
Interest and fiscal charges	70,717			(70,717)
Totals	<u>\$ 20,325,847</u>	<u>\$ 1,876,738</u>	<u>\$ 4,712,096</u>	<u>(13,737,013)</u>
General revenues:				
Property taxes levied for:				
General purposes				11,461,017
Debt service				283,000
Capital outlay				305,661
Grants and entitlements not restricted to specific programs				5,095,866
Investment earnings				111,088
Miscellaneous				122,244
Total general revenues				<u>17,378,876</u>
Change in net position				3,641,863
Net position at beginning of year				<u>7,131,578</u>
Net position at end of year				<u>\$ 10,773,441</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Adult Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 21,696,520	\$ 553,003	\$ 2,637,226	\$ 24,886,749
Receivables:				
Property taxes	11,680,795		654,745	12,335,540
Accounts	62,353	338,345	19	400,717
Accrued interest	10,901			10,901
Interfund loans	11,561			11,561
Intergovernmental	41,451		11,561	53,012
Prepayments	44,685	475	117	45,277
Materials and supplies inventory	107,716		480	108,196
Inventory held for resale		4,189	2,093	6,282
Total assets	<u>\$ 33,655,982</u>	<u>\$ 896,012</u>	<u>\$ 3,306,241</u>	<u>\$ 37,858,235</u>
Liabilities:				
Accounts payable	\$ 18,089	\$ 3,213	\$ 3,379	\$ 24,681
Contracts payable			75,124	75,124
Accrued wages and benefits	1,596,570	28,143	58,384	1,683,097
Compensated absences payable	100,522			100,522
Intergovernmental payable	74,055	676	11,595	86,326
Pension and postemployment obligation payable	196,928	4,104	10,243	211,275
Interfund loans payable			11,561	11,561
Total liabilities	<u>1,986,164</u>	<u>36,136</u>	<u>170,286</u>	<u>2,192,586</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	10,152,454		577,193	10,729,647
Delinquent property tax revenue not available	387,802		19,134	406,936
Accrued interest not available	3,282			3,282
Charges for services revenue not available	41,738	276,488	19	318,245
Total deferred inflows of resources	<u>10,585,276</u>	<u>276,488</u>	<u>596,346</u>	<u>11,458,110</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	107,716		480	108,196
Prepays	44,685	475	117	45,277
Restricted:				
Debt service			104,558	104,558
Capital improvements			1,226,387	1,226,387
Adult education		582,913		582,913
State funded programs			413,975	413,975
Extracurricular			58,143	58,143
Other purposes			25,139	25,139
Committed:				
Capital improvements			755,000	755,000
Termination benefits	220,514			220,514
Assigned:				
Student instruction	132,668			132,668
Student and staff support	23,971			23,971
Customer services	181,853			181,853
Unassigned (deficit)	<u>20,373,135</u>		<u>(44,190)</u>	<u>20,328,945</u>
Total fund balances	<u>21,084,542</u>	<u>583,388</u>	<u>2,539,609</u>	<u>24,207,539</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,655,982</u>	<u>\$ 896,012</u>	<u>\$ 3,306,241</u>	<u>\$ 37,858,235</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	24,207,539
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			10,784,755
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	406,936	
Accounts receivable		318,245	
Accrued interest receivable		3,282	
Total		728,463	728,463
Unamortized premiums on bonds issued are not recognized in the funds.			(45,782)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(5,863)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		3,911,299	
Deferred inflows - pension		(730,242)	
Net pension liability		(22,439,590)	
Deferred outflows - OPEB		495,155	
Deferred inflows - OPEB		(2,438,575)	
Net OPEB asset		1,282,275	
Net OPEB liability		(1,473,399)	
Total		(21,393,077)	(21,393,077)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(2,200,000)	
Capital lease obligations		(34,456)	
Compensated absences		(1,023,138)	
Notes payable		(245,000)	
Total		(3,502,594)	(3,502,594)
Net position of governmental activities		\$	10,773,441

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Adult Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property taxes	\$ 11,217,645		\$ 576,332	\$ 11,793,977
Intergovernmental	8,233,666	\$ 279,568	1,284,284	9,797,518
Investment earnings	109,120		1,469	110,589
Tuition and fees	646,268	830,730		1,476,998
Extracurricular			30,609	30,609
Rental income	15,096			15,096
Charges for services	163,591	2,317	74,892	240,800
Contributions and donations	58,003		7,500	65,503
Miscellaneous	65,780		4,910	70,690
Total revenues	<u>20,509,169</u>	<u>1,112,615</u>	<u>1,979,996</u>	<u>23,601,780</u>
Expenditures:				
Current:				
Instruction:				
Vocational	10,716,035		237,493	10,953,528
Adult/continuing	287,947	851,829	91,385	1,231,161
Other	22,081			22,081
Support services:				
Pupil	1,645,473		81,405	1,726,878
Instructional staff	460,670		27,838	488,508
Board of education	76,825			76,825
Administration	1,452,537		9,400	1,461,937
Fiscal	657,467		13,267	670,734
Business	86,927			86,927
Operations and maintenance	1,141,453		117,388	1,258,841
Pupil transportation	14,859			14,859
Central	335,503		44,834	380,337
Operation of non-instructional services:				
Food service operations	24,999		541,075	566,074
Other non-instructional services			535	535
Extracurricular activities	49,124		5,282	54,406
Facilities acquisition and construction			93,562	93,562
Debt service:				
Principal retirement	20,956		210,000	230,956
Interest and fiscal charges	3,277		72,690	75,967
Total expenditures	<u>16,996,133</u>	<u>851,829</u>	<u>1,546,154</u>	<u>19,394,116</u>
Excess of revenues over expenditures	<u>3,513,036</u>	<u>260,786</u>	<u>433,842</u>	<u>4,207,664</u>
Other financing sources (uses):				
Sale of assets	1,194		7,811	9,005
Transfers in			388,000	388,000
Transfers (out)	(198,000)		(190,000)	(388,000)
Total other financing sources (uses)	<u>(196,806)</u>		<u>205,811</u>	<u>9,005</u>
Net change in fund balances	3,316,230	260,786	639,653	4,216,669
Fund balances at beginning of year	<u>17,768,312</u>	<u>322,602</u>	<u>1,899,956</u>	<u>19,990,870</u>
Fund balances at end of year	<u>\$ 21,084,542</u>	<u>\$ 583,388</u>	<u>\$ 2,539,609</u>	<u>\$ 24,207,539</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	4,216,669
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 391,316	
Current year depreciation	(604,833)	
Total		(213,517)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	255,701	
Tuition	124,266	
Earnings on investments	564	
Charges for services	19	
Classroom materials and fees	(14,724)	
Intergovernmental	(6,590)	
Other	(2,311)	
Total		356,925
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		230,956
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities:		
Decrease in accrued interest payable	389	
Amortization of bond premiums	4,861	
Total		5,250
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,586,334	
OPEB	13,398	
Total		1,599,732
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,743,391)	
OPEB	93,667	
Total		(2,649,724)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		95,572
Change in net position of governmental activities	\$	3,641,863

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 11,399,836	\$ 11,399,836	\$ 11,300,311	\$ (99,525)
Intergovernmental	7,096,686	7,096,686	8,201,698	1,105,012
Investment earnings	175,000	175,000	142,975	(32,025)
Tuition and fees	395,300	395,300	507,259	111,959
Rental income	15,096	15,096	15,096	
Charges for services	45,000	45,000	75,224	30,224
Contributions and donations	25,750	25,750	52,094	26,344
Miscellaneous	4,000	4,000	69,777	65,777
Total revenues	<u>19,156,668</u>	<u>19,156,668</u>	<u>20,364,434</u>	<u>1,207,766</u>
Expenditures:				
Current:				
Instruction:				
Vocational	10,654,614	10,911,732	10,561,726	350,006
Adult/continuing	283,290	292,810	284,046	8,764
Other	15,528	26,347	21,112	5,235
Support services:				
Pupil	1,670,735	1,679,678	1,625,761	53,917
Instructional staff	579,679	579,884	527,186	52,698
Board of education	104,964	104,964	74,479	30,485
Administration	1,477,453	1,476,281	1,444,607	31,674
Fiscal	655,827	677,827	660,612	17,215
Business	105,180	92,044	77,510	14,534
Operations and maintenance	1,281,964	1,258,505	1,140,558	117,947
Pupil transportation	36,650	37,808	14,638	23,170
Central	356,694	356,693	332,443	24,250
Operation of non-instructional services:				
Food service operations	16,500	25,300	24,942	358
Extracurricular activities	124,380	124,730	48,604	76,126
Total expenditures	<u>17,363,458</u>	<u>17,644,603</u>	<u>16,838,224</u>	<u>806,379</u>
Excess of revenues over expenditures	<u>1,793,210</u>	<u>1,512,065</u>	<u>3,526,210</u>	<u>2,014,145</u>
Other financing sources (uses):				
Refund of prior year's expenditures	1,000	1,000	23,063	22,063
Refund of prior year's receipts		(3,997)	(3,997)	
Transfers (out)	(345,000)	(345,000)	(345,000)	
Advances in	195,000	195,000	210,292	15,292
Advances (out)	(195,000)	(215,000)	(200,761)	14,239
Contingencies	(299,192)	(139,952)		139,952
Sale of assets	5,000	5,000	1,194	(3,806)
Total other financing sources (uses)	<u>(638,192)</u>	<u>(502,949)</u>	<u>(315,209)</u>	<u>187,740</u>
Net change in fund balance	1,155,018	1,009,116	3,211,001	2,201,885
Fund balance at beginning of year	17,631,803	17,631,803	17,631,803	
Prior year encumbrances appropriated	204,769	204,769	204,769	
Fund balance at end of year	<u>\$ 18,991,590</u>	<u>\$ 18,845,688</u>	<u>\$ 21,047,573</u>	<u>\$ 2,201,885</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ADULT EDUCATION FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental	\$ 251,000	\$ 251,000	\$ 291,973	\$ 40,973
Tuition and fees	584,660	584,660	824,246	239,586
Miscellaneous			2,394	2,394
Total revenue	<u>835,660</u>	<u>835,660</u>	<u>1,118,613</u>	<u>282,953</u>
Expenditures:				
Current:				
Instruction:				
Adult/continuing	800,119	941,817	853,087	88,730
Support services:				
Operations and maintenance	1,000	1,000		1,000
Central	4,031	2,945		2,945
Total expenditures	<u>805,150</u>	<u>945,762</u>	<u>853,087</u>	<u>92,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>30,510</u>	<u>(110,102)</u>	<u>265,526</u>	<u>375,628</u>
Other financing sources:				
Refund of prior year's expenditures			686	686
Net change in fund balance	30,510	(110,102)	266,212	376,314
Fund balance at beginning of year	274,080	274,080	274,080	
Prior year encumbrances appropriated	6,000	6,000	6,000	
Fund balance at end of year	<u>\$ 310,590</u>	<u>\$ 169,978</u>	<u>\$ 546,292</u>	<u>\$ 376,314</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
Additions:	
Amounts received as fiscal agent	\$ 4,250
Deductions:	
Distributions as fiscal agent	5,250
Change in net position	(1,000)
Net position at beginning of year	<u>\$ 1,000</u>
Net position at end of year	<u><u> </u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE CENTER

The Four County Career Center (the Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. The Center was established in 1966, with classes beginning in September 1968, and serves 22 districts located primarily in Defiance, Fulton, Henry and Williams counties. The Center is operated under a board of education consisting of eleven members. The Center provides job training for residents of participating districts. Currently, the Center provides 30 courses of instruction in such varied fields as chef training, electronics, health careers and cosmetology. The average daily membership for fiscal year 2021 was 899. The Center employed 97 certified, 47 non-certified, and 17 administrative staff.

The Center provides vocational and adult continuing instruction. Also, the Center has support services for pupils, instructional staff, general and school administration, fiscal and business affairs. In addition, the Center accounts for various extracurricular activities and retirement of debt obligations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the 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; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The following organizations are described due to their relationship to the Center:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association

The Center is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is a program of the Northern Buckeye Education Council. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

NWOCA is governed by the Northern Buckeye Education Council as described below. Total disbursements made by the Center to NWOCA during fiscal year 2021 were \$115,832. Financial information can be obtained from Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

INSURANCE PURCHASING POOLS

Northern Buckeye Health Plan's Employee Insurance Benefits Program

The Center participates in a group health insurance pool through Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool). The Pool is a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. During fiscal year 2021, the Center contributed a total of \$2,227,082 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Charles LeBoeuf, Mountjoy Chilton Medley LLP, 201 East 5th Street, Suite 2100, Cincinnati, Ohio 45202 or by calling (513) 898-8801.

Workers' Compensation Group Rating Plan

The Center participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Optimal Health Initiatives (OHI) Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Health Plan NW Division of OHI, a group purchasing pool. The WCGRP is governed by the Northern Buckeye Health Plan and the plan participants. The Executive Director of the Health Plan coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover the costs of administering the program.

B. Fund Accounting

The Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

GOVERNMENTAL FUNDS

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

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

Adult education fund - The adult education fund is used to account for transactions made in connection with adult education classes. Receipts include, but are not limited to, tuition from patrons and students, and reimbursements from the Ohio Board of Regents. Expenditures include, supplies, salaries and textbooks.

Other governmental funds of the Center are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets (b) financial resources that are restricted for debt service and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector. The Center has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. The Center has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center's custodial fund is to account for the Henry County Security Task Force.

C. Basis of Presentation and Measurement Focus

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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Center. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Center.

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting.

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, see Notes 13 and 14 for deferred outflows of resources related to the Center's net pension liability and net OPEB liability/asset, respectively.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Center, see Notes 13 and 14 for deferred inflows of resources related to the Center's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The legal level of budgetary control for the general fund is at the fund, function and object level and the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. The Center has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Fulton County Budget Commission for rate determination.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the Center. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, all supplemental appropriations were legally enacted.

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

F. Cash and Investments

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

During fiscal year 2021, investments were limited to negotiable and nonnegotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

STAR 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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$1000 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$109,120, which includes \$11,574 assigned from other funds.

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

An analysis of the Center’s investment account at fiscal year end is provided in Note 4.

G. Inventory

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

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when purchased.

H. Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental activities. These 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’s capitalization threshold is \$5,000. 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 and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	15 - 40 years
Furniture, fixtures and equipment	5 - 15 years
Vehicles	5 - 15 years

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

I. Compensated Absences

Compensated absences of the Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater are considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources upon the occurrence of relevant events. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J. 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, compensated absences 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 during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, notes and long-term leases are recognized as a liability on the governmental fund financial statements when due.

K. Fund Balance

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 spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education (the highest level of decision making authority). 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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Center's Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Center's Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation. Deferred outflows of resources, deferred inflows of resources and liabilities that are attributable to the acquisition, construction or improvement of those assets, including contracts payable, and related debt also are included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Prepayments

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

N. Estimates

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2021, the Center had no extraordinary or special items.

P. Stabilization Arrangement

The Board of Education has \$725,000 of unassigned fund balance in the general fund set aside to be used for budget stabilization. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

Q. Interfund Balances

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

R. Interfund Transactions

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

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

S. Unamortized Bond Premiums

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

T. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and 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.

U. Fair Value

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the Center has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 42,812
Vocational education	781

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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% of the interim monies available for investment at any one time if training requirements have been met.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the Center had \$675 in undeposited cash on hand which is included on the financial statements of the Center as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all Center deposits was \$16,101,351. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2021, all of the Center’s bank balance of \$16,273,259 was covered by the FDIC.

C. Investments

As of June 30, 2021, the Center had the following investments and maturities:

Measurement/ Investment type	Measurement value	Investment maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
Negotiable CD's	\$ 2,423,175	\$ 245,559	\$ -	\$ 854,145	\$ 483,605	\$ 839,866
<i>Amortized cost:</i>						
STAR Ohio	<u>6,361,548</u>	<u>6,361,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 8,784,723</u>	<u>\$ 6,607,107</u>	<u>\$ -</u>	<u>\$ 854,145</u>	<u>\$ 483,605</u>	<u>\$ 839,866</u>

The weighted average maturity of investments is 0.46 years.

The Center’s investments in negotiable CD’s are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Center’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard and Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center’s investment policy does not specifically address credit risk beyond requiring the Center to only invest in securities authorized by State statute.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center 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's investments in negotiable CDs are insured by the FDIC. The Center has no investment policy dealing with investment custodial risk beyond the requirement of the State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of Total</u>
<i>Fair value:</i>		
Negotiable CD's	\$ 2,423,175	27.58
<i>Amortized cost:</i>		
STAR Ohio	<u>6,361,548</u>	<u>72.42</u>
	<u>\$ 8,784,723</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 16,101,351
Investments	8,784,723
Cash on hand	<u>675</u>
Total	<u>\$ 24,886,749</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 24,886,749</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 198,000
 <u>Transfers from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>190,000</u>
	<u>\$ 388,000</u>

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

All transfers made in fiscal year 2021 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

B. Interfund balances at June 30, 2021 as reported on the fund financial statements, consist of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 11,561

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund loan balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2021 are reported on the statement of net position.

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.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Center receives property taxes from Henry, Defiance, Fulton, Lucas, Paulding, Putnam, Williams and Wood Counties. The County Auditors periodically advance to the Center their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$1,140,539 in the general fund and \$58,418 in the permanent improvement fund, a nonmajor governmental fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2020 was \$1,223,204 in the general fund and \$62,513 in the permanent improvement fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 3,221,457,310	84.98	\$ 3,205,832,050	81.97
Public utility personal	<u>569,542,280</u>	<u>15.02</u>	<u>705,343,680</u>	<u>18.03</u>
Total	<u>\$ 3,790,999,590</u>	<u>100.00</u>	<u>\$ 3,911,175,730</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$4.20		\$4.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 12,335,540
Accounts	400,717
Intergovernmental	53,012
Accrued interest	<u>10,901</u>
Total	<u>\$ 12,800,170</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except for adult education tuition and fees and general fund warehouse charges, are expected to be collected within the subsequent year. The Center reviews adult education tuition and fees and general fund warehouse charges annually to determine uncollectible amounts, which are then written off. The balance reported in the financial statements has not been reduced by any potentially uncollectible amounts.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 219,258	\$ -	\$ -	\$ 219,258
Construction in progress	-	75,124	-	75,124
Total capital assets, not being depreciated	<u>219,258</u>	<u>75,124</u>	<u>-</u>	<u>294,382</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	754,806	-	-	754,806
Buildings and improvements	27,728,771	9,200	-	27,737,971
Furniture, fixtures and equipment	4,123,631	259,979	(30,123)	4,353,487
Vehicles	932,471	47,013	(31,361)	948,123
Total capital assets, being depreciated	<u>33,539,679</u>	<u>316,192</u>	<u>(61,484)</u>	<u>33,794,387</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(547,160)	(27,407)	-	(574,567)
Buildings and improvements	(18,291,105)	(393,777)	-	(18,684,882)
Furniture, fixtures and equipment	(3,222,960)	(144,846)	30,123	(3,337,683)
Vehicles	(699,440)	(38,803)	31,361	(706,882)
Total accumulated depreciation	<u>(22,760,665)</u>	<u>(604,833)</u>	<u>61,484</u>	<u>(23,304,014)</u>
Governmental activities capital assets, net	<u>\$ 10,998,272</u>	<u>\$ (213,517)</u>	<u>\$ -</u>	<u>\$ 10,784,755</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Vocational	\$ 399,919
<u>Support services:</u>	
Pupil	4,899
Instructional staff	3,730
Board of education	814
Administration	2,908
Fiscal	814
Business	7,295
Operations and maintenance	152,905
Pupil transportation	5,130
Central	11,918
Food service operations	<u>14,501</u>
Total depreciation expense	<u>\$ 604,833</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITAL LEASE AGREEMENTS

During fiscal year 2018, the Center entered into a capital lease agreement with Current Office Solutions for copier equipment. During fiscal year 2019, the Center entered into a capital lease agreement with Pitney Bowes Global Financial Services for postage machine equipment. Capital assets consisting of copier equipment and postage machine equipment have been capitalized in the amount of \$95,528. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the general fund. These expenditures are reported as function expenditures on the budgetary statement.

The following is a schedule of the future long-term minimum lease payments required under the capital lease agreements and the present value of the minimum lease payments as of June 30, 2021.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 24,233
2023	7,207
2024	<u>5,405</u>
Total minimum lease payments	36,845
Less: amount representing interest	<u>(2,389)</u>
Total	<u>\$ 34,456</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding 06/30/2020	Additions	Reductions	Balance Outstanding 06/30/2021	Amounts Due in One Year
Governmental activities:					
Limited tax G.O. bonds	\$ 2,290,000	\$ -	\$ (90,000)	\$ 2,200,000	\$ 100,000
Permanent improvement tax anticipation notes	365,000	-	(120,000)	245,000	120,000
Capital leases	55,412	-	(20,956)	34,456	22,568
Net pension liability	20,340,728	2,098,862	-	22,439,590	-
Net OPEB liability	1,691,324	-	(217,925)	1,473,399	-
Compensated absences payable	<u>1,210,551</u>	<u>232,627</u>	<u>(319,518)</u>	<u>1,123,660</u>	<u>280,472</u>
Total long-term obligations, governmental activities	<u>\$ 25,953,015</u>	<u>\$ 2,331,489</u>	<u>\$ (768,399)</u>	27,516,105	<u>\$ 523,040</u>
			Unamortized bond premium	45,782	
			Total on statement of net position	<u>\$ 27,561,887</u>	

On March 5, 2013, the Center issued \$2,835,000 in limited tax general obligation bonds. The proceeds were used to fund various facility and site improvements. The bonds were issued for an eighteen-year period with final maturity on December 1, 2030. The bonds are being retired from the debt service fund, a nonmajor governmental fund.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

These bonds were also issued with a premium of \$90,456, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method; the amortization of the premium for fiscal year 2021 was \$4,861.

On June 20, 2012, the Center issued \$1,100,000 in permanent improvement tax anticipation notes. The proceeds were used to fund various facility and site improvements. The notes were issued for a ten-year period with final maturity on December 1, 2022. The notes are being retired from the debt service fund, a nonmajor governmental fund.

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund.

Capital leases will be paid from the general fund. See Note 9 for detail.

See Note 13 for a discussion of the Center's net pension liability.

See Note 14 for a discussion of the Center's net OPEB liability/asset.

The following is a summary of the future debt service requirements to maturity for the limited tax general obligation bonds and the permanent improvement tax anticipation notes at June 30, 2021:

Fiscal Year Ended	Principal	Interest	Total
2022	\$ 220,000	\$ 67,922	\$ 287,922
2023	225,000	62,743	287,743
2024	225,000	56,625	281,625
2025	235,000	49,725	284,725
2026	240,000	42,600	282,600
2027 - 2031	1,300,000	99,600	1,399,600
Total	<u>\$ 2,445,000</u>	<u>\$ 379,215</u>	<u>\$ 2,824,215</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021 are a voted debt margin of \$349,910,374 and an unvoted debt margin of \$3,911,176.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

Employees earn vacation at rates specified under State of Ohio law and based on credited service. All twelve-month employees with one or more years of service are entitled to vacation ranging from 10 to 20 days.

All regular employees are entitled to sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 25% of unused sick leave up to 220 days for a maximum of 55 days for all certified, classified and administrative employees.

B. Health Care Benefits

The Center provides employee health care benefits through membership in the Northern Buckeye Health Plan Northwest Division of OHI (the Plan). Monthly payments are made to the Plan for health, dental, vision and life insurance coverage. The employees share the cost of the monthly premiums with the Board of Education.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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 2021, the Center contracted with Markel Insurance Company; USI Insurance Services is the agent. A summary of coverages provided are as follows:

Coverage	Amounts
General liability:	
Bodily injury/property damage	\$ 6,000,000
Personal injury	6,000,000
Products/completed operations	8,000,000
General annual aggregate	8,000,000
Employee benefits liability	6,000,000
Errors or omissions cover:	
Per occurrence	6,000,000
Per aggregate	8,000,000
Property and crime:	
Property (incl. inland marine, misc. equipment)	78,816,246
Employee dishonesty/faithful performance of duty	250,000
Forgery/alteration	250,000
Computer fraud	250,000

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**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT - (Continued)

Coverage	Amounts
Fraud impersonation	\$ 100,000
Outside the premises	25,000
Theft, disappearance, destruction	25,000
Commercial auto:	
Owned/leased vehicles	6,000,000
Medical payments	5,000
Uninsured motorist	1,000,000
Physical damage	Actual cash value

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

B. Employee Health, Dental, Vision and Life

The Center participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self-insurance pool, for insurance benefits to employees. The Center pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, vision and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

The net pension/OPEB liability (asset) represent the 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.

The 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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Center non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension 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% and with a floor of 0%. In 2020, the Board of Trustees approved a 0.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center's contractually required contribution to SERS was \$344,428 for fiscal year 2021. Of this amount, \$28,714 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was \$1,241,906 for fiscal year 2021. Of this amount, \$169,163 is reported as pension and postemployment obligation payable.

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

The net pension liability was measured as of June 30, 2020, 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 projected 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	0.07203100%	0.07249117%	
Proportion of the net pension liability current measurement date	<u>0.07235660%</u>	<u>0.07296020%</u>	
Change in proportionate share	<u>0.00032560%</u>	<u>0.00046903%</u>	
Proportionate share of the net pension liability	\$ 4,785,818	\$ 17,653,772	\$ 22,439,590
Pension expense	\$ 568,283	\$ 2,175,108	\$ 2,743,391

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2021, 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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 9,296	\$ 39,611	\$ 48,907
Net difference between projected and actual earnings on pension plan investments	303,800	858,505	1,162,305
Changes of assumptions	-	947,665	947,665
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	13,191	152,897	166,088
Contributions subsequent to the measurement date	<u>344,428</u>	<u>1,241,906</u>	<u>1,586,334</u>
Total deferred outflows of resources	<u>\$ 670,715</u>	<u>\$ 3,240,584</u>	<u>\$ 3,911,299</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 112,884	\$ 112,884
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>3,115</u>	<u>614,243</u>	<u>617,358</u>
Total deferred inflows of resources	<u>\$ 3,115</u>	<u>\$ 727,127</u>	<u>\$ 730,242</u>

\$1,586,334 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 fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 4,857	\$ 455,217	\$ 460,074
2023	96,567	46,128	142,695
2024	126,629	368,697	495,326
2025	<u>95,119</u>	<u>401,509</u>	<u>496,628</u>
Total	<u>\$ 323,172</u>	<u>\$ 1,271,551</u>	<u>\$ 1,594,723</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

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

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). 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%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	\$ 6,555,986	\$ 4,785,818	\$ 3,300,613

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Discount rate of return	7.45%
Payroll increases	3.00%
Cost-of-living adjustments	0.00%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of 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%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	\$ 25,135,898	\$ 17,653,772	\$ 11,313,294

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Center's surcharge obligation was \$13,398.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was \$13,398 for fiscal year 2021. Of this amount, \$13,398 is reported as pension and postemployment obligation payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The 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 and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.06725510%	0.07249117%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.06779460%</u>	<u>0.07296020%</u>	
Change in proportionate share	<u>0.00053950%</u>	<u>0.00046903%</u>	
Proportionate share of the net OPEB liability	\$ 1,473,399	\$ -	\$ 1,473,399
Proportionate share of the net OPEB asset	\$ -	\$ 1,282,275	\$ 1,282,275
OPEB expense	\$ (12,518)	\$ (81,149)	\$ (93,667)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 19,351	\$ 82,161	\$ 101,512
Net difference between projected and actual earnings on OPEB plan investments	16,603	44,941	61,544
Changes of assumptions	251,164	21,168	272,332
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	46,369	46,369
Contributions subsequent to the measurement date	<u>13,398</u>	<u>-</u>	<u>13,398</u>
Total deferred outflows of resources	<u>\$ 300,516</u>	<u>\$ 194,639</u>	<u>\$ 495,155</u>

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 749,326	\$ 255,410	\$ 1,004,736
Changes of assumptions	37,112	1,217,946	1,255,058
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>94,127</u>	<u>84,654</u>	<u>178,781</u>
Total deferred inflows of resources	<u>\$ 880,565</u>	<u>\$ 1,558,010</u>	<u>\$ 2,438,575</u>

\$13,398 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/asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (122,702)	\$ (336,019)	\$ (458,721)
2023	(121,502)	(305,599)	(427,101)
2024	(121,694)	(294,932)	(416,626)
2025	(114,680)	(303,571)	(418,251)
2026	(83,900)	(61,398)	(145,298)
Thereafter	<u>(28,969)</u>	<u>(61,852)</u>	<u>(90,821)</u>
Total	<u>\$ (593,447)</u>	<u>\$ (1,363,371)</u>	<u>\$ (1,956,818)</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.

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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Inflation	3.00%
Wage increases	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

The 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%, 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.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). 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 (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 1,803,403	\$ 1,473,399	\$ 1,211,045

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 1,160,189	\$ 1,473,399	\$ 1,892,240

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

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

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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>	

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) 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</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	Center's proportionate share of the net OPEB asset	\$ 1,115,662	\$ 1,282,275

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	Center's proportionate share of the net OPEB asset	\$ 1,414,864	\$ 1,282,275

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and adult education fund are as follows:

Net Change in Fund Balance

	<u>General Fund</u>	<u>Adult Education</u>
Budget basis	\$ 3,211,001	\$ 266,212
Net adjustment for revenue accruals	(73,028)	(5,998)
Net adjustment for expenditure accruals	19,505	(5,453)
Net adjustment for other sources/uses	(14,097)	(686)
Funds budgeted elsewhere	17,479	-
Adjustment for encumbrances	<u>155,370</u>	<u>6,711</u>
GAAP basis	<u>\$ 3,316,230</u>	<u>\$ 260,786</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, public school support fund, termination benefits fund and special enterprise fund.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - CONTINGENCIES

A. Grants

Amounts grantor agencies pay to the Center are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

B. Litigation

The Center is involved in no material litigation as either plaintiff or defendant.

NOTE 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. The impact on the Center's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. During fiscal year 2021, the Center received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 18 - STATUTORY RESERVES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	165,287
Current year offsets	<u>(550,069)</u>
Total	<u>\$ (384,782)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

The Center passed Resolution No. 37-09 establishing and funding a reserve balance account within the general fund for the purpose of stabilizing against cyclical changes in revenues and expenditures. The balance of this reserve at June 30, 2021 is \$725,000.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 19 - COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 140,308
Adult education	3,230
Nonmajor governmental funds	<u>727,487</u>
Total	<u>\$ 871,025</u>

NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Community Reinvestment Areas

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

Enterprise Zones

Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the Center.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 20 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS - (Continued)

The programs described above are used by various other governments which reduce the amount of property taxes received by the Center. The table below summarizes the amount of property tax forgone by the Center:

<u>County*</u>	<u>Amount of Property Tax Revenue Forgone</u>
Fulton County	\$ 29,852
Williams County	107,850
Defiance County	37,365
Henry County	<u>9,657</u>
	<u>\$ 184,724</u>

* The amounts listed for each county in the table above includes the amount of property tax revenue forgone for tax abatement agreements entered into by the county government and various other governments (cities, villages, townships) within the county.

In fiscal year 2021, the Center received \$50,594 from various property owners, who are participants in the above programs, to partially reimburse the Center for the forgone tax revenue.

NOTE 21 - SUBSEQUENT EVENTS

- A. For fiscal year 2022, Center foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of a nonmember School District were funded to the school district who, in turn, made the payment to the educating school. For fiscal year 2021, the Center reported \$127,251 in tuition and fees from the resident nonmember school districts which will be direct funded to the Center in fiscal year 2022. This new funding system calculates a unique base cost for each Center. Any change in funding will be subject to a phase in percentage of 16.67% for fiscal year 2022 and 33.33% for fiscal year 2023.
- B. On September 16, 2021, the Center issued \$2,100,000 in general obligation bonds to refund the general obligation bonds which were issued in 2013. The refunding bonds bear an interest rate of 1.28% and mature on December 1, 2030.
- C. On November 18, 2021, the Center approved a bid from Industrial Power Systems, Inc. in the amount of \$934,910 for Phase 2 of the Rooftop HVAC Replacement Project.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Center's proportion of the net pension liability	0.07235660%	0.07203100%	0.07236000%	0.07221300%
Center's proportionate share of the net pension liability	\$ 4,785,818	\$ 4,309,741	\$ 4,144,191	\$ 4,314,567
Center's covered payroll	\$ 2,556,607	\$ 2,494,763	\$ 2,423,859	\$ 2,257,743
Center's proportionate share of the net pension liability as a percentage of its covered payroll	187.19%	172.75%	170.97%	191.10%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07115700%	0.07129830%	0.07062000%	0.07062000%
\$ 5,208,036	\$ 4,068,350	\$ 3,574,038	\$ 4,199,545
\$ 2,230,493	\$ 2,146,449	\$ 2,052,085	\$ 2,563,143
233.49%	189.54%	174.17%	163.84%
62.98%	69.16%	71.70%	65.52%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Center's proportion of the net pension liability	0.07296020%	0.07249117%	0.07563689%	0.07856451%
Center's proportionate share of the net pension liability	\$ 17,653,772	\$ 16,030,987	\$ 16,630,854	\$ 18,663,168
Center's covered payroll	\$ 8,829,193	\$ 8,509,021	\$ 8,633,814	\$ 8,322,114
Center's proportionate share of the net pension liability as a percentage of its covered payroll	199.95%	188.40%	192.62%	224.26%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07657009%	0.07533907%	0.07699655%	0.07699655%
\$ 25,630,317	\$ 20,821,515	\$ 18,728,226	\$ 22,308,940
\$ 8,117,521	\$ 7,860,371	\$ 7,866,923	\$ 9,219,169
315.74%	264.89%	238.06%	241.98%
66.80%	72.10%	74.70%	69.30%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 344,428	\$ 357,925	\$ 336,793	\$ 327,221
Contributions in relation to the contractually required contribution	<u>(344,428)</u>	<u>(357,925)</u>	<u>(336,793)</u>	<u>(327,221)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 2,460,200	\$ 2,556,607	\$ 2,494,763	\$ 2,423,859
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 316,084	\$ 312,269	\$ 282,902	\$ 284,419	\$ 354,739	\$ 340,438
<u>(316,084)</u>	<u>(312,269)</u>	<u>(282,902)</u>	<u>(284,419)</u>	<u>(354,739)</u>	<u>(340,438)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,257,743	\$ 2,230,493	\$ 2,146,449	\$ 2,052,085	\$ 2,563,143	\$ 2,531,138
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,241,906	\$ 1,236,087	\$ 1,191,263	\$ 1,208,734
Contributions in relation to the contractually required contribution	<u>(1,241,906)</u>	<u>(1,236,087)</u>	<u>(1,191,263)</u>	<u>(1,208,734)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 8,870,757	\$ 8,829,193	\$ 8,509,021	\$ 8,633,814
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,165,096	\$ 1,136,453	\$ 1,100,452	\$ 1,022,700	\$ 1,198,492	\$ 1,190,101
<u>(1,165,096)</u>	<u>(1,136,453)</u>	<u>(1,100,452)</u>	<u>(1,022,700)</u>	<u>(1,198,492)</u>	<u>(1,190,101)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,322,114	\$ 8,117,521	\$ 7,860,371	\$ 7,866,923	\$ 9,219,169	\$ 9,154,623
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Center's proportion of the net OPEB liability	0.06779460%	0.06725510%	0.06800860%	0.06854170%
Center's proportionate share of the net OPEB liability	\$ 1,473,399	\$ 1,691,324	\$ 1,886,742	\$ 1,839,479
Center's covered payroll	\$ 2,556,607	\$ 2,494,763	\$ 2,423,859	\$ 2,257,743
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	57.63%	67.79%	77.84%	81.47%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.06688198%

\$ 1,906,384

\$ 2,230,493

85.47%

11.49%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Center's proportion of the net OPEB liability/asset	0.07296020%	0.07249117%	0.07563689%	0.07856451%
Center's proportionate share of the net OPEB liability/(asset)	\$ (1,282,275)	\$ (1,200,628)	\$ (1,215,407)	\$ 3,065,297
Center's covered payroll	\$ 8,829,193	\$ 8,509,021	\$ 8,633,814	\$ 8,322,114
Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.52%	14.11%	14.08%	36.83%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.07657009%

\$ 4,094,988

\$ 8,117,521

50.45%

37.30%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 13,398	\$ 9,074	\$ 22,769	\$ 24,875
Contributions in relation to the contractually required contribution	<u>(13,398)</u>	<u>(9,074)</u>	<u>(22,769)</u>	<u>(24,875)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 2,460,200	\$ 2,556,607	\$ 2,494,763	\$ 2,423,859
Contributions as a percentage of covered payroll	0.54%	0.35%	0.91%	1.03%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 15,442	\$ 11,413	\$ 27,415	\$ 3,201	\$ 3,851	\$ 12,694
<u>(15,442)</u>	<u>(11,413)</u>	<u>(27,415)</u>	<u>(3,201)</u>	<u>(3,851)</u>	<u>(12,694)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,257,743	\$ 2,230,493	\$ 2,146,449	\$ 2,052,085	\$ 2,563,143	\$ 2,531,138
0.68%	0.51%	1.28%	0.16%	0.15%	0.50%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 8,870,757	\$ 8,829,193	\$ 8,509,021	\$ 8,633,814
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 82,641	\$ 85,607	\$ 98,114
-	-	-	(82,641)	(85,607)	(98,114)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,322,114	\$ 8,117,521	\$ 7,860,371	\$ 7,866,923	\$ 9,219,169	\$ 9,154,623
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

**FOUR COUNTY CAREER CENTER
HENRY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE FISCAL YEAR
ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

FOUR COUNTY CAREER CENTER
HENRY COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program - Cash Assistance	10.553		\$ 88,920
COVID-19 School Breakfast Program - Cash Assistance	10.553		2,815
Total School Breakfast Program			91,735
National School Lunch Program - Cash Assistance	10.555		270,117
COVID-19 Cash Assistance	10.555		20,442
Non-Cash Assistance (Food Distribution)	10.555		31,009
Total National School Lunch Program			321,568
Total Child Nutrition Cluster			413,303
Total U.S. Department of Agriculture			413,303
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Assistance</i>			
<u>Student Financial Assistance Cluster:</u>			
Federal Pell Grant Program	84.063	P063P197310	3,098
Federal Pell Grant Program	84.063	P063P207310	6,883
Total Student Financial Assistance Cluster			9,981
Education Stabilization Fund			
HEERF Student Aid Portion	84.425E	P425E205376	9,053
HEERF Institutional Portion	84.425F	P425F204462	9,053
HEERF Fund for the Improvement of Postsecondary Education Formula Grant	84.425N	P425N200574	13,135
Total Education Stabilization Fund			31,241
<i>Passed Through Ohio Department of Higher Education</i>			
Adult Education -Basic Grants to States	84.002		71,821
<i>Passed Through Ohio Department of Education</i>			
Career and Technical Education - Basic Grants to States	84.048		265,405
Education Stabilization Fund			
Governors Emergency Education Relief Fund (GEER I)	84.425C		10,362
Total U.S. Department of Education			388,810
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund - Other Education Entities	21.019		46,322
COVID-19 Coronavirus Relief Fund - BroadbandOhio Connectivity	21.019		7,843
<i>Passed Through Ohio Department of Higher Education</i>			
COVID-19 Coronavirus Relief Fund - Higher Ed	21.019		3,535
Total U.S. Department of Treasury			57,700
Total Expenditures of Federal Awards			\$ 859,813

The accompanying notes are an integral part of this schedule.

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Four County Career Center, Henry County, Ohio (the Center) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position or changes in net position of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

The 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 E – FOOD DONATION PROGRAM

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

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The Center transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Education Stabilization Fund	84.425	\$ 183,677

OHIO AUDITOR OF STATE KEITH FABER



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

Four County Career Center
Henry County
22900 State Route 34
Archbold, Ohio 43502-9541

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Four County Career Center, Henry County, Ohio, (the Center) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 1, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Four County Career Center
Henry County
22900 State Route 34
Archbold, Ohio 43502-9541

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Center's compliance for the Center's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The Center's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Center's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 1, 2022

**FOUR COUNTY CAREER CENTER
HENRY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



FOUR COUNTY CAREER CENTER

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/17/2022

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