KNOX COUNTY CAREER CENTER

KNOX COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Julian & Grube
Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
Knox County Career Center
306 Martinsburg Road
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of the Knox County Career Center, Knox County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2024

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KNOX COUNTY CAREER CENTER
KNOX COUNTY, OHIO

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Julian & Grube

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Independent Auditor's Report

Knox County Career Center
Knox County
306 Martinsburg Road
Mount Vernon, OH 43050

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox County Career Center, Knox County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Knox County Career Center's basic financial statements as listed in the table of contents.

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 Knox County Career Center, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Adult Education Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Knox County Career Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Knox County Career Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Knox County Career Center's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 on our consideration of the Knox County Career Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Knox County Career Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Knox County Career Center's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 26, 2024

It is a privilege to present to you the financial picture of the Knox County Career Center (the "Center"). This discussion and analysis of the Center's financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

The Center was able to make many equipment purchases during fiscal year 2023 that will enhance the educational opportunities of high school students. A Heating, Ventilation, and Cooling lab will be added for the school year 2024. Equipment and tooling purchases have been made to begin equipping the new lab.

As always, technology enhancements are at the forefront of additions to many programs. Every student was issued a Chromebook in fiscal year 2021. CARES Act funding was essential to fill the need for one-on-one Chromebooks as some remote learning continued to occur and the inability of some students to provide their own technology devices is apparent. The Chromebooks will be on a replacement schedule. During fiscal year 2023, the Governor's Emergency Education Relief (GEER) Fund was used to replace some of the older Chromebooks, as well as updating computers and laptops in various labs and classrooms. Online learning software and applications were purchased for instructor support and student learning. College U replaced laptops for student use. A Snap-On tire changer and software will be used by the students in the Auto Technology program for the students to earn a certification.

The Center's Food Service program purchased a cooler to replace the older version. The maintenance department continued with a phase-in approach to replace aging building systems. A high efficiency boiler system was installed in the high school building, as well as a condensing unit in the Sports Medicine/ROTC building. Flooring, students desks and chairs, and cafeteria chairs are also being replaced in a rotating basis. A portion of the roof over the Adult Education building was replaced. A security grant was written to help replace the outdated phone system. For safety, blinds were purchased for all classrooms and offices.

The CARES Act funds known as Higher Education Emergency Relief Fund (HEERF) was used to update equipment in many of the programs. Items purchased include a training tower, air tanks, and a Cascade Air System for public safety, phlebotomy workstations, furniture and work stations for a remodeled cosmetology lab, computers for the computer labs, and a new HVAC system for the medical training building. The Carl Perkins grant was utilized to purchase interactive TVs for classrooms.

Using this Financial Report

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 is by far the most significant fund.

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 we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets and deferred outflows* and *liabilities and deferred inflows* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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. Non-financial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, the Center's performance, required educational programs, demographic and socioeconomic factors, the willingness of the community to support the Center and other factors. On the other hand, financial factors may include the Center's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the statement of net position and the statement of activities, the Center has one type of activity:

> *Governmental Activities* – Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of non-instructional services, and extracurricular activities.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds begins on page 10. Fund financial reports 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 the adult education special revenue fund.

Governmental Funds Most of the Center's activities are reported in governmental funds that focus on how money flows into and out of those funds and the balances left at year-end that are available for spending in future periods. These funds are reported using the *modified accrual* accounting method that measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's general government operations and the basic services it provides. Governmental fund information helps 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 financial statements.

The Center as a Whole

You may recall that the statement of net position provides the perspective of the Center as a whole. Table 1 provides a comparison of the Center's net position for fiscal year 2023 compared to 2022:

Table 1
Net Position
Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	$13,664,029	$14,104,210	($440,181)
Net OPEB Asset	1,057,911	913,336	144,575
Capital Assets, Net	25,240,686	24,916,800	323,886
Total Assets	39,962,626	39,934,346	28,280
Deferred Outflows of Resources			
Deferred Charge on Refunding	96,258	105,009	(8,751)
Pension	2,813,088	2,980,748	(167,660)
OPEB	204,531	245,345	(40,814)
Total Deferred Outflows of Resources	3,113,877	3,331,102	(217,225)
Liabilities			
Current Liabilities	914,529	1,053,093	138,564
Long-Term Liabilities:			
Due Within One Year	793,507	757,314	(36,193)
Due in More Than One Year:			
Net Pension Liability	11,474,536	7,151,100	(4,323,436)
Net OPEB Liability	585,426	778,247	192,821
Other Amounts	5,929,559	6,630,276	700,717
Total Liabilities	19,697,557	16,370,030	(3,327,527)
Deferred Inflows of Resources			
Property Taxes	3,452,117	3,307,826	(144,291)
Payments in Lieu of Taxes	17,000	17,000	0
Pension	1,549,393	6,117,264	4,567,871
OPEB	1,662,690	1,657,425	(5,265)
Total Deferred Inflows of Resources	6,681,200	11,099,515	4,418,315
Net Position			
Net Investment in Capital Assets	19,568,820	18,573,495	995,325
Restricted	2,116,002	1,802,185	313,817
Unrestricted (Deficit)	(4,987,076)	(4,579,777)	(407,299)
Total Net Position	$16,697,746	$15,795,903	$901,843

The net pension liability (NPL) is the largest single liability reported by the Center at June 30, 2023. 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.

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. Changes in benefits, contribution rates, and return on investments affect the balances of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

Total assets of governmental activities slightly increased during the fiscal year. Increases in property taxes receivable, the net OPEB asset, and capital assets were largely responsible for offsetting the decrease in current and other assets from the decrease in cash and cash equivalents. Cash and cash equivalents decreased as expenses in general and other funds exceeded revenues. Total liabilities of governmental activities largely increased during the fiscal year. The category primarily responsible for this increase was the net pension liability line item. The net pension liability's increase represents the Center's proportionate share of the pension plan's unfunded benefits. As already mentioned, changes in pension benefits, contribution rates, and return on investments affect the balances of the net pension/OPEB liabilities. The large increase in the net pension liability was offset by a decrease in the related deferred inflow. The long-term liabilities also decreased as the Center paid down debt of $622,944.

To further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

Table 2
Changes in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services	$1,453,030	$1,371,764	$81,266
Operating Grants and Contributions	3,418,814	3,411,476	7,338
Total Program Revenues	4,871,844	4,783,240	88,604
General Revenues:			
Property Taxes	4,613,391	4,444,158	169,233
Intergovernmental	5,798,211	5,422,602	375,609
Unrestricted Contributions	8,625	2,150	6,475
Investment Earnings/Interest	127,155	(113,304)	240,459
Payments in Lieu of Taxes	60,376	58,538	1,838
Miscellaneous	73,537	30,848	42,689
Total General Revenues	10,681,295	9,844,992	836,303
Total Revenues	15,553,139	14,628,232	924,907
Program Expenses			
Instruction:			
Regular	262,757	187,290	(75,467)
Special	687,329	621,507	(65,822)
Vocational	5,623,607	4,981,442	(642,165)
Adult/Continuing	1,023,752	819,336	(204,416)
Support Services:			
Pupil	1,433,002	1,976,842	543,840
Instructional Staff	1,337,843	1,099,526	(238,317)
Board of Education	14,326	18,419	4,093
Administration	1,088,066	1,042,103	(45,963)
Fiscal	470,406	402,858	(67,548)
Business	9,603	7,297	(2,306)
Operation and Maintenance of Plant	1,862,496	1,820,522	(41,974)
Pupil Transportation	22,982	1,730	(21,252)
Central	132,235	158,966	26,731
Operation of Non-Instructional Service:	288,774	328,263	39,489
Extracurricular Activities	207,009	128,167	(78,842)
Interest	187,109	214,022	26,913
Total Program Expenses	14,651,296	13,808,290	(843,006)
Change in Net Position	901,843	819,942	81,901
Net Position Beginning of Year	15,795,903	14,975,961	819,942
Net Position End of Year	$16,697,746	$15,795,903	$901,843

Governmental Activities

Most governmental activities expenses increased from fiscal year 2022 to fiscal year 2023, primarily due to changes in assumptions related to pension expense. Revenues increased in fiscal year 2023, primarily in intergovernmental, investment earnings/interest, and property taxes revenues.

Net position of the Center's governmental activities increased during fiscal year 2023. Program revenues were not sufficient to offset total governmental expenses, but total revenues were sufficient to offset total governmental expenses during fiscal year 2023. The primary sources of revenue for the Center are derived from State foundation payments and property taxes. The largest expense for the Center is for vocational instruction.

A State law, enacted in 1976, does not allow for revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rates applied to real property. The Center operates on voted millage of 6.4 mills. The reduced or effective millage in fiscal year 2023 was 2.00 mills for Residential/Agricultural property and 4.4 mills for other property. The following table illustrates the rate of growth in property values in the past ten years which has positively impacted the Center:

Year Ending	Total Valuation	Growth Rate
2023	$1,885,351,078	1.93 %
2022	1,849,639,584	0.87
2021	1,833,597,082	13.42
2020	1,616,651,257	4.46
2019	1,547,699,222	1.39
2018	1,526,430,404	3.27
2017	1,478,080,066	1.65
2016	1,454,098,030	(0.06)
2015	1,454,955,670	11.90
2014	1,300,259,030	(0.77)

The average rate of growth over the last 10 years is 3.81 percent.

Unrestricted State support has remained consistent over the past few years. This is mostly due to the Center being funded on the guarantee. The State's funding formula includes a provision that schools will not receive less money for State support than what was received in fiscal year 2022. Although many school districts across the State of Ohio received reductions in State foundation payments as a result of cuts necessitated from the State due to the Coronavirus, career centers were not subject to the reductions. Reductions in fiscal year 2024 are also not expected. The Center is making every effort to increase enrollment in order to be removed from guaranteed funding and onto the actual formula. State legislation added a provision beginning in fiscal year 2018 to remove the career technical weights from the guaranteed amounts to allow for financial growth when enrollment increases. This gives career centers the opportunity to purchase much needed equipment to meet the ever-increasing demands of current industry standards and the educational needs of the community.

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

Table 3
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses				
Instruction:				
Regular	$262,757	($135,386)	$187,290	($67,467)
Special	687,329	(94,230)	621,507	(3,613)
Vocational	5,623,607	(5,390,215)	4,981,442	(4,821,997)
Adult/Continuing	1,023,752	377,444	819,336	50,756
Support Services:				
Pupil	1,433,002	(712,499)	1,976,842	(617,075)
Instructional Staff	1,337,843	(757,093)	1,099,526	(641,387)
Board of Education	14,326	(14,255)	18,419	(18,315)
Administration	1,088,066	(669,751)	1,042,103	(593,451)
Fiscal	470,406	(467,980)	402,858	(400,341)
Business	9,603	(9,556)	7,297	(7,257)
Operation and Maintenance of Plant	1,862,496	(1,568,439)	1,820,522	(1,731,857)
Pupil Transportation	22,982	(22,869)	1,730	(1,721)
Central	132,235	(35,540)	158,966	(40,929)
Operation of Non-Instructional Services	288,774	14,665	328,263	106,070
Extracurricular Activities	207,009	(106,639)	128,167	(22,444)
Interest	187,109	(187,109)	214,022	(214,022)
Total	$14,651,296	($9,779,452)	$13,808,290	($9,025,050)

As one can see, the reliance upon local tax revenues for the governmental activities is crucial.

The Center's Funds

The Center's governmental funds saw an overall decrease from fiscal year 2022. The general fund balance decreased in fiscal year 2023 as expenditures increased from the prior fiscal year. While expenditures increased, general fund revenues also increased, particularly intergovernmental and investment earnings/interest revenue, which helped offset the increase in expenditures. The adult education fund increased from fiscal year 2022, as the fund had increased intergovernmental revenue from the prior fiscal year.

Budgeting Highlights

The Center's appropriations are prepared according to Ohio law and are based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. In fiscal year 2023, all funds were appropriated at the fund level.

In fiscal year 2023, the Center adopted its appropriations prior to October 1, 2022 and amended those appropriations several times prior to fiscal year end. For the general fund, final amended estimated revenues and other financing sources were under original estimated revenues and other financing sources by approximately $118,000.

General fund final appropriations saw an increase from the original appropriation measure. Actual expenditures were below the estimates by approximately $304,000, as a conservative approach to budgeting is used.

Capital Assets and Debt Administration

Capital Assets

The increase in capital assets was largely due to capital asset additions outpacing depreciation, which mainly consisted of building improvements to the high school building for a boiler system, the Sports Medicine/ROTC building for a condensing unit, and a roof for the Adult Education building. Equipment was also purchased for the coming Heating, Ventilation, and Cooling lab, as well as various other programs. The Center's capitalization threshold for capital assets was set at $1,500. For additional information on capital assets, see Note 12 to the basic financial statements.

Debt Administration

At June 30, 2023, the Center had $5,768,124 in a loan, a certificate of participation, and a lease outstanding with $646,415 due in one year. The Center's overall legal debt margin was $169,681,597 with an unvoted debt margin of $1,885,351 at June 30, 2023. For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The District Leadership Team (DLT) was formed during the summer of 2015, in part to create a vision/mission statement and to create goals for the Center. The group uses a variety of team building exercises and small and large group activities to unify the Center and set a vision for the Center to strive to accomplish. The vision of the Knox County Career Center is to prepare students for success. Through progressive curriculum and dynamic hands-on learning, Knox County Career Center challenges each student to develop lifelong skills that relate to the leadership and teamwork necessary in their future careers and community roles. Knox County Career Center establishes a relationship with staff, students, parents and community businesses that allows all learners to reach their full potential.

Mission statements for both the high school and adult education were also in development from these meetings. The mission statement for the high school is that Knox County Career Center exists to develop lifelong learners with the skills and values necessary to achieve success. The mission will be accomplished by creating a safe learning environment that emphasizes the lifelong skills and knowledge necessary to continue learning, communicate clearly, solve problems, use information and technology effectively, enjoy productive employment, appreciate aesthetics, and meet their obligations as citizens in a democratic and global society.

The Knox County Career Center adult education mission is to provide cutting-edge programs that prepare adults with career and lifelong skills. The adult education program shall assist individuals and companies in their efforts to develop leadership, build new skills, upgrade skills, stay abreast of technological developments, and to develop competencies in areas of need and workforce development and personal interest.

Due to sound fiscal management, the Center has not asked the voters for additional tax millage since 1994. The Center has not received significant increases in State funding for the past few years. This is due to the State financial instability and the Center's consistent enrollment. Since the Center is currently deficit spending, additional avenues for resources are being researched, as well as continued scrutinizing of expenses. The Board of Education placed a permanent improvement levy on the November 7, 2023, ballot. The voters did not approve the additional real estate tax. The additional funding would have provided money for ongoing maintenance, increased safety, lab revisions and new facilities for training. The Board of Education will continue to research ways to increase revenue to meet the growing needs of the Center.

The Center strives to create and maintain programs that meet the needs of the local community, the State of Ohio, and the nation for both high school and adult learners. This is a never-ending challenge for the Board of Education and the administration. Fiscal year 2024 will have an additional offering at the high school level. The program will introduce and train students for future employment in HVAC, electrical, and plumbing positions.

The Center continues to partner with area businesses to help meet their needs for trained employees. The need was expressed to train individuals for entry-level industrial and facility maintenance positions.

Contacting the Center's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, 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 Tracy L. Elliott, Treasurer, Knox County Career Center, 306 Martinsburg Road, Mount Vernon, Ohio 43050. You may also contact the Treasurer by phone at (740) 397-5820, extension 2257, or by e-mail at telliott@knoxcc.org.

Basic Financial Statements

Knox County Career Center

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$8,152,256
Inventory Held for Resale	5,460
Materials and Supplies Inventory	54,507
Accrued Interest Receivable	11,394
Accounts Receivable	9,973
Intergovernmental Receivable	26,025
Prepaid Items	101,457
Property Taxes Receivable	5,269,070
Revenue in Lieu of Taxes Receivable	33,887
Net OPEB Asset (See Note 14)	1,057,911
Nondepreciable Capital Assets	321,280
Depreciable Capital Assets, Net	24,919,406
Total Assets	39,962,626
Deferred Outflows of Resources	
Deferred Charge on Refunding	96,258
Pension	2,813,088
OPEB	204,531
Total Deferred Outflows of Resources	3,113,877
Liabilities	
Accounts Payable	103,458
Accrued Wages and Benefits Payable	603,198
Intergovernmental Payable	138,191
Accrued Interest Payable	20,250
Matured Compensated Absences Payable	44,622
Unearned Revenue	4,730
Claims Payable	80
Long-Term Liabilities:	
Due Within One Year	793,507
Due In More Than One Year:	
Net Pension Liability (See Note 13)	11,474,536
Net OPEB Liability (See Note 14)	585,426
Other Amounts	5,929,559
Total Liabilities	19,697,557
Deferred Inflows of Resources	
Property Taxes	3,452,117
Payments in Lieu of Taxes	17,000
Pension	1,549,393
OPEB	1,662,690
Total Deferred Inflows of Resources	6,681,200
Net Position	
Net Investment in Capital Assets	19,568,820
Restricted for OPEB Plans	198,260
Restricted for Other Purposes	1,917,742
Unrestricted (Deficit)	(4,987,076)
Total Net Position	$16,697,746

See accompanying notes to the basic financial statements

Knox County Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$262,757	$28,869	$98,502	($135,386)
Special	687,329	3,461	589,638	(94,230)
Vocational	5,623,607	95,483	137,909	(5,390,215)
Adult/Continuing	1,023,752	559,494	841,702	377,444
Support Services:				
Pupil	1,433,002	7,978	712,525	(712,499)
Instructional Staff	1,337,843	271,200	309,550	(757,093)
Board of Education	14,326	71	0	(14,255)
Administration	1,088,066	238,888	179,427	(669,751)
Fiscal	470,406	2,426	0	(467,980)
Business	9,603	47	0	(9,556)
Operation and Maintenance of Plant	1,862,496	17,649	276,408	(1,568,439)
Pupil Transportation	22,982	113	0	(22,869)
Central	132,235	216	96,479	(35,540)
Operation of Non-Instructional Services	288,774	142,205	161,234	14,665
Extracurricular Activities	207,009	84,930	15,440	(106,639)
Interest	187,109	0	0	(187,109)
Total Governmental Activities	$14,651,296	$1,453,030	$3,418,814	(9,779,452)

General Revenues	
Property Taxes Levied for General Purposes	4,613,391
Grants and Entitlements not Restricted to Specific Programs	5,798,211
Unrestricted Contributions	8,625
Investment Earnings/Interest	127,155
Payments in Lieu of Taxes	60,376
Miscellaneous	73,537
Total General Revenues	10,681,295
Change in Net Position	901,843
Net Position Beginning of Year	15,795,903
Net Position End of Year	$16,697,746

See accompanying notes to the basic financial statements

Knox County Career Center
Balance Sheet
Governmental Funds
June 30, 2023

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$6,116,224	$1,095,081	$912,098	$8,123,403
Inventory Held for Resale	0	0	5,460	5,460
Materials and Supplies Inventory	28,504	24,709	1,294	54,507
Accrued Interest Receivable	11,394	0	0	11,394
Accounts Receivable	7,954	465	1,554	9,973
Interfund Receivable	16,176	0	0	16,176
Intergovernmental Receivable	1,378	0	24,647	26,025
Prepaid Items	84,115	15,516	1,826	101,457
Property Taxes Receivable	5,269,070	0	0	5,269,070
Revenue in Lieu of Taxes Receivable	33,887	0	0	33,887
Total Assets	$11,568,702	$1,135,771	$946,879	$13,651,352
Liabilities				
Accounts Payable	$58,838	$43,734	$886	$103,458
Accrued Wages and Benefits Payable	587,731	1,715	13,752	603,198
Interfund Payable	0	0	16,176	16,176
Intergovernmental Payable	136,100	265	1,826	138,191
Matured Compensated Absences Payable	44,622	0	0	44,622
Unearned Revenue	0	0	4,730	4,730
Total Liabilities	827,291	45,714	37,370	910,375
Deferred Inflows of Resources				
Property Taxes	3,452,117	0	0	3,452,117
Payments in Lieu of Taxes	17,000	0	0	17,000
Unavailable Revenue	869,239	0	0	869,239
Total Deferred Inflows of Resources	4,338,356	0	0	4,338,356
Fund Balances				
Nonspendable	112,619	40,225	3,120	155,964
Restricted	0	1,049,832	899,483	1,949,315
Committed	0	0	6,906	6,906
Assigned	2,087,010	0	0	2,087,010
Unassigned	4,203,426	0	0	4,203,426
Total Fund Balances	6,403,055	1,090,057	909,509	8,402,621
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$11,568,702	$1,135,771	$946,879	$13,651,352

See accompanying notes to the basic financial statements

Knox County Career Center

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Funds Balances		$8,402,621
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		25,240,686
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	867,861	
Intergovernmental	1,378	
Total		869,239
Deferred outflows of resources represent deferred charges on refunding, which are not reported in the funds.		96,258
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Facilities Loan	(1,087,000)	
Refunding COPS	(4,679,709) .	
Copiers Lease	(1,415)	
Compensated Absences	(954,942)	
Total		(6,723,066)
In the statement of activities interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		(20,250)
The net OPEB asset and the net pension and OPEB liabilities are not due and payable in the current period; therefore, the asset, liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	1,057,911	
Deferred Outflows - Pension	2,813,088	
Deferred Outflows - OPEB	204,531	
Net Pension Liability	(11,474,536)	
Net OPEB Liability	(585,426)	
Deferred Inflows - Pension	(1,549,393)	
Deferred Inflows - OPEB	(1,662,690)	
Total		(11,196,515)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		28,773
Net Position of Governmental Activities		$16,697,746

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$4,374,760	$0	$194,091	$4,568,851
Intergovernmental	6,387,345	765,538	2,032,050	9,184,933
Investment Earnings/Interest	126,557	0	598	127,155
Tuition and Fees	53,301	1,075,146	28,188	1,156,635
Rentals	9,067	0	0	9,067
Extracurricular Activities	0	0	75,352	75,352
Gifts and Donations	8,625	333	31,255	40,213
Customer Sales and Services	69,771	0	142,205	211,976
Payments on Lieu of Taxes	60,376	0	0	60,376
Miscellaneous	64,189	0	9,348	73,537
Total Revenues	11,153,991	1,841,017	2,513,087	15,508,095
Expenditures				
Current:				
Instruction:				
Regular	138,335	0	121,679	260,014
Special	703,062	0	0	703,062
Vocational	5,296,234	0	151,861	5,448,095
Adult/Continuing	0	818,405	446,260	1,264,665
Support Services:				
Pupil	687,887	7,123	799,753	1,494,763
Instructional Staff	820,947	382,694	149,062	1,352,703
Board of Education	14,411	0	0	14,411
Administration	768,692	339,784	11,961	1,120,437
Fiscal	485,751	0	0	485,751
Business	9,603	0	0	9,603
Operation and Maintenance of Plant	1,801,868	12,840	470,388	2,285,096
Pupil Transportation	22,982	0	0	22,982
Central	43,844	0	96,479	140,323
Operation of Non-Instructional Services	0	0	305,504	305,504
Extracurricular Activities	103,894	0	105,151	209,045
Capital Outlay	40,995	0	0	40,995
Debt Service:				
Principal Retirement	619,000	3,944	0	622,944
Interest	236,334	720	0	237,054
Total Expenditures	11,793,839	1,565,510	2,658,098	16,017,447
Excess of Revenues Over (Under) Expenditures	(639,848)	275,507	(145,011)	(509,352)
Other Financing Sources				
Sale of Capital Assets	15,559	0	0	15,559
Net Change in Fund Balances	(624,289)	275,507	(145,011)	(493,793)
Fund Balances Beginning of Year	7,027,344	814,550	1,054,520	8,896,414
Fund Balances End of Year	$6,403,055	$1,090,057	$909,509	$8,402,621

See accompanying notes to the basic financial statements

Knox County Career Center
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		($493,793)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:		
Capital Outlay	1,037,434	
Current Year Depreciation/Amortization	(659,227)	
Total		378,207
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(54,321)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	44,540	
Intergovernmental	504	
Total		45,044
Repayments of the school facilities loan, the certificates of participation, and the copiers lease are an expenditure in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position.		622,944
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest on Bonds	1,450	
Amortization of Premium on Bonds	57,246	
Amortization of Deferred Gain on Refunding	(8,751)	
Total		49,945
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(15,666)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	982,353	
OPEB	10,485	
Total		992,838
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset and liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(905,578)	
OPEB	280,832	
Total		(624,746)
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the entity-wide statement of activities. Governmental fund and related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		1,391
Change in Net Position of Governmental Activities		$901,843

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Total Revenues and Other Sources	$10,695,845	$10,577,783	$11,107,905	$530,122
Total Expenditures and Other Uses	11,612,474	12,500,683	12,196,382	304,301
Net Change in Fund Balance	(916,629)	(1,922,900)	(1,088,477)	834,423
Fund Balance Beginning of Year	6,770,450	6,770,450	6,770,450	0
Prior Year Encumbrances Appropriated	190,703	190,703	190,703	0
Fund Balance End of Year	$6,044,524	$5,038,253	$5,872,676	$834,423

See accompanying notes to the basic financial statements

Knox County Career Center
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Total Revenues and Other Sources	$1,585,429	$1,616,836	$1,841,236	$224,400
Total Expenditures and Other Uses	1,836,783	1,868,190	1,642,948	225,242
Net Change in Fund Balance	(251,354)	(251,354)	198,288	449,642
Fund Balance Beginning of Year	811,019	811,019	811,019	0
Prior Year Encumbrances Appropriated	36,783	36,783	36,783	0
Fund Balance End of Year	$596,448	$596,448	$1,046,090	$449,642

See accompanying notes to the basic financial statements

Knox County Career Center
Statement of Net Position
Internal Service Fund
June 30, 2023

	Self Insurance
Assets	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$28,853
Liabilities	
Current Liabilities	
Claims Payable	80
Net Position	
Unrestricted	$28,773

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	Self Insurance
Operating Revenues	
Charges for Services	$16,684
Operating Expenses	
Purchased Services	5,609
Claims	9,684
Total Operating Expenses	15,293
Change in Net Position	1,391
Net Position Beginning of Year	27,382
Net Position End of Year	$28,773

See accompanying notes to the basic financial statements

Knox County Career Center

Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	$16,684
Cash Payments to Suppliers for Goods and Services	(5,609)
Cash Payments for Claims	(10,183)
Net Increase in Cash and Cash Equivalents	892
Cash and Cash Equivalents Beginning of Year	27,961
Cash and Cash Equivalents End of Year	$28,853
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$1,391
Adjustments:	
Decrease in Claims Payable	(499)
Net Cash Provided by Operating Activities	$892

See accompanying notes to the basic financial statements

Note 1 – Description of the Center and Reporting Entity

The Knox County Career Center (the "Center") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational center as defined by Section 3311.18 of the Ohio Revised Code. The Center includes six member school districts spread throughout Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland counties.

The Center is a jointly governed organization operating under a seven-member board: three members are appointed by the Knox County Educational Service Center Board, three by the City of Mount Vernon School Board, and one by the Mid-Ohio Educational Service Center Board. Each Board member is elected to their home district and then appointed to the Center's board. The Center provides educational services as authorized by State statute and/or Federal guidelines. The Center employs 67 certified full-time employees and 33 non-certified full-time employees who provide services to 803 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government of the Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Knox County Career Center, this includes the agencies and departments that provide the following services: general operations, food service, public school preschool and student related activities of the Center.

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

The Center participates in a jointly governed organization and two public entity risk pools. These organizations are META Solutions, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Ohio School Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the 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. Following are the more significant of the Center's accounting policies.

Basis of Presentation

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

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

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

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

Fund Accounting

The Center uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Center are grouped into the categories of governmental and proprietary.

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

General Fund The general fund is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The general fund balance is available to the Center 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 and report revenues and expenditures restricted for adult education classes. Revenues consist primarily of tuition and fees as well as grants received.

The other governmental funds of the Center account for and report grants and other resources whose uses are restricted to a particular purpose.

Proprietary Fund Type Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the Center has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the Center on a cost reimbursement basis. The Center's only internal service fund is a self insurance fund that accounts for vision claims of the Center's employees.

Measurement Focus

Government-wide Financial Statements 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. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary activity.

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 and the statements presented for proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or 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 8). 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, grants, interest, tuition and student fees.

Unearned Revenue Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The Center recognizes unearned revenue for revenue from grants received before the eligibility requirements are met.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for a deferred charge on refunding and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources are related to pension and OPEB plans are explained in Notes 13 and 14, respectively.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Center, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB plans and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 delinquent property taxes and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14, respectively).

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the Center is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2023, investments were limited to STAR Ohio, federal home loan bank bonds, and negotiable certificates of deposit. Investments are reported at fair value which is based on quoted market prices, except for STAR Ohio.

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

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to $250 million per day.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2023 amounted to $126,557, which includes $31,159 assigned from other Center funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Donated commodities are presented at their entitlement value. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Capital Assets

All capital assets (except for intangible right to use lease assets, which are discussed later) of the Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of fifteen hundred dollars. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	50-100 years
Furniture, Fixtures and Equipment	5-25 years
Vehicles	10-15 years
Intangible Assets	5 Years

The Center is reporting intangible right to use assets related to lease assets. The lease assets include copiers and represent nonfinancial assets which are being utilized for a period of time through a lease from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the Center's past experience of making termination payments.

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have resigned or retired will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 judgements and compensated absences 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. Long-term loans, certificates of participation, and leases payable are recognized as a liability on the governmental fund financial statements when due.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represents the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes include resources restricted for classroom facilities maintenance, adult education, food services, student activities, and other local, state, and federal grants. The Center applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education or a Center official delegated that authority by resolution by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance to cover a gap between estimated revenue and appropriations in the fiscal year 2024 budget and for high school consumer services.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Center, these revenues are charges for services for the self insurance program. Operating expenses are necessary costs that are incurred to provide the goods or services that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as non-operating.

Estimates

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

Premiums and Deferred Charges on Refunding

On the governmental fund financial statements, premiums and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, premiums are amortized over the term of the debt issuance using the straight-line method. Unamortized premiums are presented as an addition to the face amount of the debt issuance reported on the statement of net position. The reconciliation between the debt issuances' face value and the amount reported on the statement of net position is presented in Note 16.

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Leases Payable

The Center serves as lessee in a noncancellable lease, which is accounted for as follows:

Lessee At the commencement of a lease, the Center initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 3 – Change in Accounting Principles

For fiscal year 2023, the Center implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and GASB Statement No. 99, *Omnibus 2022*.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Center did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Center did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Center did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Note 4 – Compliance

The Center had a negative cash balance of $16,176 in the adult basic literacy grant special revenue fund, indicating that revenue from other sources were used to pay obligations of this fund; however, as the Center met the allowable conditions under Ohio Revised Code Section 3315.20, there is no noncompliance.

Note 5 – Fund Balances

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

Fund Balances	General	Adult Education	Other Governmental Funds	Total
Nonspendable:				
Inventory	$28,504	$24,709	$1,294	$54,507
Prepaids	84,115	15,516	1,826	101,457
Total Nonspendable	112,619	40,225	3,120	155,964
Restricted for:				
Adult Education	0	1,049,832	0	1,049,832
Food Services	0	0	104,686	104,686
Griffing Memorial	0	0	14,704	14,704
Facilities Maintenance	0	0	610,510	610,510
Student Activities	0	0	87,469	87,469
Network Connectivity	0	0	46	46
Miscellaneous Local Grants	0	0	43,348	43,348
Miscellaneous State Grants	0	0	38,720	38,720
Total Restricted	0	1,049,832	899,483	1,949,315
Committed to:				
Other Purposes	0	0	6,906	6,906
Assigned to:				
Purchases on Order	280,505	0	0	280,505
Fiscal Year 2024 Appropriations	1,766,690	0	0	1,766,690
High School Consumer Services	39,815	0	0	39,815
Total Assigned	2,087,010	0	0	2,087,010
Unassigned	4,203,426	0	0	4,203,426
Total Fund Balances	$6,403,055	$1,090,057	$909,509	$8,402,621

Note 6 – Budgetary Basis of Accounting

While the Center is reporting its financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund and major special revenue 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).

3. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

4. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

5. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

6. Budgetary revenues and expenditures of the high school consumer services fund is classified to general fund for GAAP reporting.

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

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	($624,289)	$275,507
Net Adjustment for Revenue Accruals	(141,557)	219
Net Adjustment for Expenditure Accruals	8,039	(28,447)
Beginning Unrecorded Cash End of Year	12,674	0
Ending Unrecorded Cash End of Year	(22,036)	0
Beginning Fair Value Adjustment for Investments	(118,770)	0
Ending Fair Value Adjustment for Investments	141,470	0
Encumbrances	(339,343)	(48,991)
Perspective Difference:		
High School Consumer Services	(4,665)	0
Budget Basis	($1,088,477)	$198,288

Note 7 – Deposits and Investments

Monies held by the Center are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Center treasury. Active 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 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 moneys 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 held by the Center can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

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

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

7. The State Treasurer's investment pool (STAR Ohio);

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

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.

At year end, the Center has $1,000 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

Investments

As of June 30, 2023, the Center had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments	
Net Asset Value Per Share:					
STAR Ohio	$1,097,182	Less Than One Year	AAAm	20.88	%
Fair Value - Level 2 Inputs:					
Federal Home Loan Bank Bonds	1,947,572	Less Than Three Years	AA+	37.08	
Negotiable Certificates of Deposit	2,208,254	Less Than Four Years	N/A	42.04	
Total Investments	$5,253,008			100.00	%

The Center categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the Center's recurring fair value measurements as of June 30, 2023. The Center's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk The Center has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are not rated, but are fully covered by the FDIC. The Center places no limit on the amount it may invest in any one issuer. The Center has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The Center places no limit on the amount that may be invested in any one issuer. The preceding table includes the percentage of each investment type held by the Center at June 30, 2023.

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 federal agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Center's name. The Center has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Note 8 – Property Taxes

Property taxes are levied and assessed on a calendar year basis while the Center's 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 and public utility property located in the Center. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Center receives property taxes from Coshocton, Delaware, Holmes, Knox, Licking, Morrow and Richland Counties. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2023 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 – property taxes.

The amount available as an advance at June 30, 2023, was $949,092 in the general fund. The amount available as an advance at June 30, 2022, was $943,277 in the general fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$1,678,341,314	90.65 %	$1,699,665,158	89.89 %
Public Utility Personal	173,158,950	9.35	191,062,770	10.11
Total	$1,851,500,264	100.00 %	$1,890,727,928	100.00 %
Tax rate per $1,000 of assessed valuation	$6.40		$6.40	

Note 9 – Receivables

Receivables at June 30, 2023, consisted of taxes, accounts (customer services, student fees and insurance premiums), payments in lieu of taxes, accrued interest, and intergovernmental revenues. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

At June 30, 2023, the Center had the following intergovernmental receivables:

Intergovernmental Receivable	Amount
Adult Basic Literacy Grant	$17,704
Public School Preschool Grant	6,897
Foundation	1,378
Other	46
Total	$26,025

The Center is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the Center receives as part of TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

Note 10 – Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Center maintains comprehensive insurance coverage with a private carrier for liability coverage. Real property, building contents and vehicles are through Ohio School Plan. The Center joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual participant enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The Center pays its annual premium to the OSP (see Note 19). The Center has general liability coverage with $5,000,000 per occurrence and $7,000,000 general aggregate.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

The Center participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (see Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Incorporated provides administrative, cost control and actuarial services to the GRP.

Employee Medical and Vision Benefits

The Center has contracted with the Ohio School Benefits Cooperative to provide employee medical benefits under a fully funded plan. The Center's employees can choose between two medical plans, with the Center paying medical premiums of either $1,963.90 or $1,737.07 for family coverage and $714.20 or $637.47 for single coverage per employee enrolled per month. The Center offers vision insurance to all eligible employees through a self insurance fund. The Center has a third party administrator, Vision Service Plan, review and administer the claims activity. The claims liability of $80 reported in the internal service fund at June 30, 2023, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

Year	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
2022	$142	$9,038	$8,601	$579
2023	579	9,684	10,183	80

Note 11 – Interfund Balances

The interfund payable of $16,176 from the adult basic literacy grant fund to the general fund was for grant funding that was not received by fiscal year end, as well as to cover a negative cash balance (see Note 4).

Note 12 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 6/30/22	Additions	Reductions	Balance 6/30/23
Governmental Activities				
Non-Depreciable Assets:				
Land	$321,280	$0	$0	$321,280
Depreciable/Amortized Assets:				
Buildings and improvements	30,421,043	603,142	0	31,024,185
Furniture, fixtures and equipment	4,831,572	434,292	(199,678)	5,066,186
Vehicles	316,146	0	0	316,146
Intangible Right to Use Lease - Copiers	18,076	0	0	18,076
Total Depreciable/Amortized Assets	35,586,837	1,037,434	(199,678)	36,424,593
Less Accumulated Depreciation/Amortization:				
Buildings and improvements	(6,579,901)	(414,560)	0	(6,994,461)
Furniture, fixtures and equipment	(4,083,584)	(214,793)	145,357	(4,153,020)
Vehicles	(314,877)	(26,259)	0	(341,136)
Intangible Right to Use Lease - Copiers **	(12,955)	(3,615)	0	(16,570)
Total Accumulated Depreciation/Amortization	(10,991,317)	(659,227) *	145,357	(11,505,187)
Depreciable/Amortized Capital Assets, Net	24,595,520	378,207	(54,321)	24,919,406
Governmental Activities Capital Assets, Net	$24,916,800	$378,207	($54,321)	$25,240,686

* Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$9,496
Special	262
Vocational	409,970
Adult/Continuing	55,286
Support Services:	
Pupil	14,355
Instructional Staff	41,976
Board of Education	140
Administration	26,330
Fiscal	11,566
Operation and Maintenance of Plant	79,205
Operation of Non-Instructional Services	10,641
Total Depreciation/Amortization Expense	$659,227

** Of the current year depreciation/amortization total of $659,227, $3,615 is presented as adult/continuing expense on the statement of activities related to the Center's intangible asset of copiers, which is included as an Intangible Right to Use Lease.

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)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include 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 health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

State Teachers Retirement System (STRS)

Plan Description – Center licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 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 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

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

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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was $744,548 for fiscal year 2023. Of this amount, $67,296 is reported as an intergovernmental payable.

School Employees Retirement System (SERS)

Plan Description – 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 Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center's contractually required contribution to SERS was $237,805 for fiscal year 2023. Of this amount, $4,110 is reported as an intergovernmental 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	STRS	SERS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04085654%	0.04422579%	
Prior Measurement Date	0.04331859%	0.04370070%	
Change in Proportionate Share	-0.00246205%	0.00052509%	
Proportionate Share of the Net Pension Liability	$9,082,461	$2,392,075	$11,474,536
Pension Expense	$767,350	$138,228	$905,578

At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$116,268	$96,881	$213,149
Changes of assumptions	1,086,898	23,603	1,110,501
Net difference between projected and actual earnings on pension plan investments	316,050	0	316,050
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	146,274	44,761	191,035
Center contributions subsequent to the measurement date	744,548	237,805	982,353
Total Deferred Outflows of Resources	$2,410,038	$403,050	$2,813,088

(continued)

	STRS	SERS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$34,743	$15,703	$50,446
Changes of assumptions	818,121	0	818,121
Net difference between projected and actual earnings on pension plan investments	0	83,472	83,472
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	597,354	0	597,354
Total Deferred Inflows of Resources	$1,450,218	$99,175	$1,549,393

$982,353 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2024	($178,653)	$45,268	($133,385)
2025	(193,381)	1,326	(192,055)
2026	(333,805)	(119,242)	(453,047)
2027	921,111	138,718	1,059,829
Total	$215,272	$66,070	$281,342

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented as follows:

	June 30, 2022
Inflation	2.50 percent
Salary Increases	Varies by service from 2.5 to 8.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and are net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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 7.00 percent, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$13,720,290	$9,082,461	$5,160,291

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, 2022, are presented as follows:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$3,521,020	$2,392,075	$1,440,954

Note 14 – Defined Benefit OPEB Plans

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

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to postemployment health care.

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, 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 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Center's surcharge obligation was $10,485.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $10,485 for fiscal year 2023, which is reported as an intergovernmental payable.

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability (asset) was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	STRS	SERS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.04085654%	0.04169670%	
Prior Measurement Date	0.04331859%	0.04112090%	
Change in Proportionate Share	-0.00246205%	0.00057580%	
Proportionate Share of the:			
Net OPEB Liability	$0	$585,426	$585,426
Net OPEB (Asset)	($1,057,911)	$0	($1,057,911)
OPEB Expense	($206,098)	($74,734)	($280,832)

At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$15,336	$4,922	$20,258
Changes of assumptions	45,063	93,119	138,182
Net difference between projected and actual earnings on OPEB plan investments	18,416	3,043	21,459
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	2,452	11,695	14,147
Center contributions subsequent to the measurement date	0	10,485	10,485
Total Deferred Outflows of Resources	$81,267	$123,264	$204,531
Deferred Inflows of Resources			
Differences between expected and actual experience	$158,878	$374,481	$533,359
Changes of assumptions	750,161	240,322	990,483
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	31,879	106,969	138,848
Total Deferred Inflows of Resources	$940,918	$721,772	$1,662,690

$10,485 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 or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2024	($258,099)	($152,486)	($410,585)
2025	(253,774)	(145,575)	(399,349)
2026	(114,388)	(122,244)	(236,632)
2027	(47,276)	(72,966)	(120,242)
2028	(61,445)	(44,138)	(105,583)
Thereafter	(124,669)	(71,584)	(196,253)
Total	($859,651)	($608,993)	($1,468,644)

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021, actuarial valuation are presented as follows:

	June 30, 2022	June 30, 2021
Inflation	2.5 percent	2.5 percent
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug:		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net OPEB (asset)	($978,012)	($1,057,911)	($1,126,353)

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB (asset)	($1,097,312)	($1,057,911)	($1,008,179)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented as follows:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate:	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Center's proportionate share of the net OPEB liability	$727,108	$585,426	$471,050

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Center's proportionate share of the net OPEB liability	$451,469	$585,426	$760,396

Note 15 – Other Employee Benefits

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn twelve to thirty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All employees are entitled to a 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 certified and classified employees upon retirement is limited to one-third of accumulated sick days not to exceed 276 days. The total maximum payment is for 92 days.

Note 16 – Long-Term Obligations

The changes in the Center's long-term obligations during fiscal year 2023 were as follows:

		Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts Due in One Year
Governmental Activities						
School Facilities Loan	4.84%					
Issued August 17, 2006		$1,416,000	$0	($329,000)	$1,087,000	$345,000
Refunding COPS	4.00%					
Issued November 24, 2020		4,340,000	0	(290,000)	4,050,000	300,000
Premium		686,955	0	(57,246)	629,709	0
Total Refunding COPS		5,026,955	0	(347,246)	4,679,709	300,000
Lease Payable		5,359	0	(3,944)	1,415	1,415
Compensated Absences		939,276	150,036	(134,370)	954,942	147,092
Net Pension Liability:						
STRS		5,538,671	3,543,790	0	9,082,461	0
SERS		1,612,429	779,646	0	2,392,075	0
Total Net Pension Liability		7,151,100	4,323,436	0	11,474,536	0
Net OPEB Liability:						
SERS		778,247	0	(192,821)	585,426	0
Total Governmental Activities Long-Term Liabilities		$15,316,937	$4,473,472	($1,007,381)	$18,783,028	$793,507

The School Facilities loan will be used for the local portion of the Ohio School Facilities Commission Project. The loan will be paid from property tax revenue in the general fund and matures June 30, 2026.

In 2020, the Center issued $4,605,000 in refunding COPs to refund the 2013 and 2019 COPs in order to take advantage of lower interest rates. The COPs were issued with an interest rate of 4.00 percent. The COPs were issued for a 13 year period with a final maturity of December 1, 2033. The COPs will be retired through the general fund. Net proceeds of $5,253,760 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded COPs. As a result, $5,140,000 of these COPs was considered defeased and the liability for the refunded COPs has been removed from the Center's financial statements. As of June 30, 2023, $4,505,000 of the defeased COPs remain outstanding

The lease payable will be paid from the adult education special revenue fund. Compensated absences will be paid from the general fund and adult education and food service special revenue funds. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension contributions are made from the general fund and adult education, food service, other local grants, various enterprise, public school preschool, adult basic literacy grant, and vocational education grants special revenue funds. For additional information related to the net pension liability and net OPEB liability, see Notes 13 and 14, respectively.

The Center's overall legal debt margin was $170,165,514 with an unvoted debt margin of $1,890,728 at June 30, 2023. Principal and interest requirements to retire the debt outstanding at June 30, 2023, are as follows:

	School Facilities Loan		Refunding COPs		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$345,000	$52,611	$300,000	$156,000	$645,000	$208,611
2025	362,000	35,913	310,000	143,800	672,000	179,713
2026	380,000	18,392	325,000	131,100	705,000	149,492
2027	0	0	335,000	117,900	335,000	117,900
2028	0	0	355,000	104,100	355,000	104,100
2029-2033	0	0	1,975,000	293,900	1,975,000	293,900
2034	0	0	450,000	9,000	450,000	9,000
Total	$1,087,000	$106,916	$4,050,000	$955,800	$5,137,000	$1,062,716

The Center has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the Center's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. This lease will be paid from the adult education fund. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2024	$1,415	$139

Note 17 – Set-Asides

The Center is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition 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 year end. These amounts must be carried forward to be used for the same purposes in future years.

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

	Capital Improvement
Set-Aside Balance as of June 30, 2022	$0
Current Year Set-Aside Requirement	112,328
Qualifying Disbursements	(112,328)
Set-Aside Balance as of June 30, 2023	$0

Note 18 – Jointly Governed Organization

The Center is a participant with META Solutions, which is a jointly governed organization among member districts. META Solutions was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports META Solutions based upon a per pupil charge dependent upon the software package utilized. META Solutions is governed by a board of directors consisting of superintendents of the members' districts. The degree of control exercised by any participating member is limited to its representation on the board. The Center paid $25,715 for services during fiscal year 2023. Audited yearly financial statements are available at META Solutions, 100 Executive Drive, Marion, Ohio, 43302.

Note 19 – Public Entity Risk Pools

Insurance Purchasing Pool

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

Shared Risk Pool

Ohio School Plan – The Ohio School Plan (Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. OSBA, BASA and OASBO executive directors serve as ex-officio members. Approximately 280 educational entities are members of the Plan. The Plan's board elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information write to the Ohio School Plan, Hylant Administrative Services, 811 Madison Avenue, Toledo, Ohio 43604.

Note 20 – Contingencies

Grants

The Center received financial assistance from Federal and State agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2023.

Litigation

The Center is not a party to any legal proceedings.

Note 21 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	$339,343
Adult Education	48,991
Other Governmental Funds	59,134
Total	$447,468

Note 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the Center received COVID-19 funding. The Center will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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Required Supplementary Information

Knox County Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021
Center's Proportion of the Net Pension Liability	0.04085654%	0.04331859%	0.04207808%
Center's Proportionate Share of the Net Pension Liability	$9,082,461	$5,538,671	$10,181,398
Center's Covered Payroll	$5,310,786	$5,387,186	$5,099,100
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	171.02%	102.81%	199.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
0.04387462%	0.04475935%	0.04703470%	0.04711683%	0.04978693%	0.05219699%	0.05219699%
$9,702,608	$9,841,576	$11,173,195	$15,771,424	$13,759,651	$12,696,115	$15,123,528
$5,152,214	$5,105,650	$5,124,921	$4,966,286	$5,150,821	$5,358,357	$4,887,423
188.32%	192.76%	218.02%	317.57%	267.14%	236.94%	309.44%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Knox County Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021
Center's Proportion of the Net Pension Liability	0.04422579%	0.04370070%	0.04184821%
Center's Proportionate Share of the Net Pension Liability	$2,392,075	$1,612,429	$2,767,928
Center's Covered Payroll	$1,651,379	$1,498,257	$1,454,886
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.85%	107.62%	190.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
0.04461090%	0.04573710%	0.04716280%	0.05492080%	0.05847850%	0.05439100%	0.05439100%
$2,669,149	$2,619,448	$2,817,873	$4,019,696	$3,336,840	$2,752,696	$3,234,458
$1,513,822	$1,563,704	$1,501,486	$1,730,457	$1,766,979	$1,562,687	$1,735,580
176.32%	167.52%	187.67%	232.29%	188.84%	176.15%	186.36%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Knox County Career Center
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021
Center's Proportion of the Net OPEB Liability/Asset	0.04085654%	0.04331859%	0.04207808%
Center's Proportionate Share of the Net OPEB Liability (Asset)	($1,057,911)	($913,336)	($739,522)
Center's Covered Payroll	$5,310,786	$5,387,186	$5,099,100
Center's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-19.92%	-16.95%	-14.50%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.04387462%	0.04475935%	0.04703470%	0.04711683%
($726,668)	($719,236)	$1,835,120	$2,519,820
$5,152,214	$5,105,650	$5,124,921	$4,966,286
-14.10%	-14.09%	35.81%	50.74%
174.70%	176.00%	47.10%	37.30%

Knox County Career Center

Required Supplementary Information

Schedule of the Center's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2023	2022	2021
Center's Proportion of the Net OPEB Liability	0.04169670%	0.04112090%	0.03978880%
Center's Proportionate Share of the Net OPEB Liability	$585,426	$778,247	$864,741
Center's Covered Payroll	$1,651,379	$1,498,257	$1,454,886
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.45%	51.94%	59.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.04257780%	0.04425641%	0.04568910%	0.05348100%
$1,070,742	$1,227,792	$1,226,175	$1,524,406
$1,513,822	$1,563,704	$1,501,486	$1,730,457
70.73%	78.52%	81.66%	88.09%
15.57%	13.57%	12.46%	11.49%

Knox County Career Center

Required Supplementary Information
Schedule of the Center's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021
Net Pension Liability:			
Contractually Required Contribution	$744,548	$743,510	$754,206
Contributions in Relation to the Contractually Required Contribution	(744,548)	(743,510)	(754,206)
Contribution Deficiency (Excess)	$0	$0	$0
Center Covered Payroll (1)	$5,318,200	$5,310,786	$5,387,186
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability (Asset):			
Contractually Required Contribution	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%

(1) The Center's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
$713,874	$721,310	$714,791	$717,489	$695,280	$721,115	$696,586
(713,874)	(721,310)	(714,791)	(717,489)	(695,280)	(721,115)	(696,586)
$0	$0	$0	$0	$0	$0	$0
$5,099,100	$5,152,214	$5,105,650	$5,124,921	$4,966,286	$5,150,821	$5,358,357
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$0	$53,584
0	0	0	0	0	0	(53,584)
$0	$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Knox County Career Center

Required Supplementary Information
Schedule of the Center's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021
Net Pension Liability:			
Contractually Required Contribution	$237,805	$231,193	$209,756
Contributions in Relation to the Contractually Required Contribution	(237,805)	(231,193)	(209,756)
Contribution Deficiency (Excess)	$0	$0	$0
Center Covered Payroll (1)	$1,698,607	$1,651,379	$1,498,257
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability:			
Contractually Required Contribution (2)	$10,485	$9,203	$8,224
Contributions in Relation to the Contractually Required Contribution	(10,485)	(9,203)	(8,224)
Contribution Deficiency (Excess)	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.62%	0.56%	0.55%
Total Contributions as a Percentage of Covered Payroll (2)	14.62%	14.56%	14.55%

(1) The Center's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
$203,684	$204,366	$211,100	$210,208	$242,264	$232,888	$216,588
(203,684)	(204,366)	(211,100)	(210,208)	(242,264)	(232,888)	(216,588)
$0	$0	$0	$0	$0	$0	$0
$1,454,886	$1,513,822	$1,563,704	$1,501,486	$1,730,457	$1,766,979	$1,562,687
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$8,359	$18,843	$22,207	$14,862	$17,729	$41,007	$23,433
(8,359)	(18,843)	(22,207)	(14,862)	(17,729)	(41,007)	(23,433)
$0	$0	$0	$0	$0	$0	$0
0.57%	1.24%	1.42%	0.99%	1.02%	2.32%	1.50%
14.57%	14.74%	14.92%	14.99%	15.02%	15.50%	15.36%

Net Pension Liability

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2023	Fiscal Years 2022-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	From 2.5 percent to 8.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022 – Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Terms – STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Net OPEB Liability (Asset)

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 2020.

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

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

For fiscal year 2021, 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 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience.

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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SUPPLEMENTARY INFORMATION

KNOX COUNTY CAREER CENTER
KNOX COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through the Ohio Department of Education and Workforce			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2023	$ 29,190
National School Lunch Program	10.555	2022	52,518
National School Lunch Program	10.555	2023	89,804
COVID-19 - National School Lunch Program	10.555	COVID-19, 2023	16,040
National School Lunch Program - Food Donation	10.555	2023	17,701
Total National School Lunch Program and Child Nutrition Cluster			176,063
Total Child Nutrition Cluster			205,253
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	628
Total U.S. Department of Agriculture			205,881
U.S. DEPARTMENT OF DEFENSE			
Direct Award			
ROTC	12.000	N/A	85,549
Total U.S. Department of Defense			85,549
U.S. DEPARTMENT OF THE TREASURY			
Passed Through the Ohio Office of Budget and Management			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #2	21.027	COVID-19	45,539
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #4	21.027	COVID-19	11,280
Total Coronavirus State and Local Fiscal Recovery Funds			56,819
Total U.S. Department of the Treasury			56,819
U.S. FEDERAL COMMUNICATIONS COMMISSION			
Direct Award			
COVID-19 - Emergency Connectivity Fund Program	32.009	COVID-19, ECF2290000679	52,200
Total U.S. Federal Communications Commission			52,200
U.S. DEPARTMENT OF EDUCATION			
Passed Through the Ohio Board of Regents			
Adult Education - Basic Grants to States - Aspire Instructional	84.002	2022	2,270
Adult Education - Basic Grants to States - Aspire Instructional	84.002	2023	63,592
Total Adult Education - Basic Grants to States			65,862
Direct Award			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	N/A	226,854
Federal Direct Student Loans	84.268	N/A	336,035
Total Student Financial Assistance Cluster			562,889
Passed Through the Ohio Department of Education and Workforce			
Career and Technical Education - Basic Grants to States	84.048A	84.048A, 2023	184,820
Career and Technical Education - Basic Grants to States - Adult	84.048A	84.048A, 2022	1,400
Career and Technical Education - Basic Grants to States - Adult	84.048A	84.048A, 2023	121,347
Total Career and Technical Education - Basic Grants to States			307,567
COVID-19 Governor's Emergency Education Relief (GEER I) Fund	84.425C	COVID-19, 84.425C, 2022	12,502
COVID-19 Governor's Emergency Education Relief (GEER II) Fund	84.425C	COVID-19, 84.425C, 2023	99,940
Direct Award			
COVID-19 -Higher Education Emergency Relief Fund (HEERF) - Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant	84.425N	COVID-19, 84.425N, P425N200870	265,698
COVID-19 - Higher Education Emergency Relief Fund (HEERF II) - Insitutional Portion	84.425F	COVID-19, 84.425F, P425F204835	84,352
COVID-19 - Higher Education Emergency Relief Fund (HEERF III) - Insitutional Portion	84.425F	COVID-19, 84.425F, P425F204835	403,116
Total Education Stabilization Fund			865,608
Total U.S. Department of Education			1,801,926
Total Federal Financial Assistance			$ 2,202,375

The accompanying notes are an integral part of this schedule.

KNOX COUNTY CAREER CENTER
KNOX COUNTY, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Knox County Career Center under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. 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 Knox County Career Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Knox County Career Center. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Knox County Career Center has not elected to use the 10% de minimis indirect cost rate.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

Julian & Grube

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

Knox County Career Center
Knox County
306 Martinsburg Road
Mount Vernon, OH 43050

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Knox County Career Center, Knox County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Knox County Career Center's basic financial statements, and have issued our report thereon dated January 26, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 26, 2024

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Knox County Career Center
Knox County
306 Martinsburg Road
Mount Vernon, OH 43050

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Knox County Career Center's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Knox County Career Center's major federal programs for the fiscal year ended June 30, 2023. The Knox County Career Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Knox County Career Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Knox County Career Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Knox County Career Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Knox County Career Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 26, 2024

KNOX COUNTY CAREER CENTER
KNOX COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

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 other 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 Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Program(s)(listed):*	COVID-19 – Education Stabilization Fund (ALN 84.425)
(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?*	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

KNOX COUNTY CAREER CENTER

KNOX COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/21/2024

88 East Broad Street, Columbus, Ohio 43215
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