PICKAWAY-ROSS CAREER AND TECHNOLOGY CENTER
ROSS COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

**Millhuff-Stang, CPA, Inc.**
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OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Pickaway-Ross Career & Technology Center, Ross County, prepared by Millhuff-Stang, CPA, 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 Pickaway-Ross Career & Technology Center is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

**March 18, 2024**

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**Pickaway-Ross Career and Technology Center**
**Ross County**
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*For the Fiscal Year Ended June 30, 2023*

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

**Independent Auditor's Report**

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

**Report on the Audit of the Financial Statements**

***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pickaway-Ross Career and Technology Center, Ross County, Ohio, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund and Adult Education Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 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.

***Emphasis of Matter***

As discussed in note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

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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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, the schedules of the Center's proportionate share of the net pension/OPEB liability/asset, and the schedules of Center contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

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

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 federal awards expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024 on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide on opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 19, 2024

The Pickaway-Ross Career and Technology Center's (the Center) discussion and analysis of the annual financial statements provide a review of the financial performance for the fiscal year ended June 30, 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**

- The Center's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by $12,610,616.
- General revenues accounted for $15,019,541 or 59 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $10,357,965 or 41 percent of total revenues of $25,377,506.
- The Center had $22,594,457 in expenses related to governmental activities; $10,357,965 of these expenses were offset by program specific charges for services and sales, grants and contributions, while the remainder of these expenses were offset by general revenues.
- The Center has two major funds: the general fund and the adult education fund. All governmental funds had total revenues and other financing sources of $26,871,969 and expenditures and other financing uses of $24,374,008.

**Using this Annual Report**

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

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

**Reporting the Center as a Whole**

*Government-Wide Financial Statements*

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

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

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

- Governmental Activities. All of the Center's programs and services are reported here, including instruction, support services, operation of non-instructional services, and extracurricular activities.

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

*Fund Financial Statements*

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

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

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

*Notes to the Basic Financial Statements*

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

**The Center as a Whole**

As stated previously, the statement of net position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for 2023 compared to 2022.

Table 1
Net Position
Governmental Activities

| | 2023 | 2022 |
|---|---|---|
| *Assets* | | |
| Current and Other Assets | $28,871,637 | $26,581,860 |
| Capital Assets, Net | 13,210,979 | 13,472,754 |
| Total Assets | 42,082,616 | 40,054,614 |
| | | |
| Deferred Outflows of Resources | 4,948,091 | 5,295,672 |
| | | |
| *Liabilities* | | |
| Current and Other Liabilities | 1,603,245 | 1,707,046 |
| Long-Term Liabilities | 22,025,425 | 15,144,802 |
| Total Liabilities | 23,628,670 | 16,851,848 |
| | | |
| Deferred Inflows of Resources | 10,791,421 | 18,670,871 |
| | | |
| *Net Position* | | |
| Net Investment in Capital Assets | 13,210,979 | 13,472,754 |
| Restricted | 2,031,649 | 1,963,331 |
| Unrestricted (Deficit) | (2,632,012) | (5,608,518) |
| Total Net Position | $12,610,616 | $9,827,567 |

Current and other assets increased $2,289,777. This increase was primarily due to an increase in cash and cash equivalents and accounts receivable, which was partially offset by a decrease in intergovernmental receivables. Cash and cash equivalents increased due to revenues in excess of expenses. Accounts receivable increased due to an increase in delinquencies. Intergovernmental receivable decreased due to a decrease in available grant monies to be drawn down. Capital assets, net of the Center decreased $261,775 as a result of depreciation expense and deletions, which were partially offset by capital asset additions. Deferred outflows of resources decreased $347,581 due to a change in amounts related to the Center's proportionate share of the state-wide net pension and OPEB liabilities (assets).

Current and other liabilities decreased $103,801 due to a decrease in accrued wages and benefits payable, which decreased due to a decrease in accrued days payable between years. Long-term liabilities increased $6,880,623. This increase is due to an increase in net pension and OPEB liability estimates. Deferred inflows of resources decreased $7,879,450 due to a change in amounts related to the Center's proportionate share of the state-wide net pension liabilities.

Table 2 shows the changes in net position for fiscal year 2023 and provides a comparison to fiscal year 2022.

Table 2
Changes in Net Position
Governmental Activities

| | 2023 | 2022 |
|---|---|---|
| *Revenues* | | |
| *Program Revenue* | | |
| Charges for Services and Sales | $1,749,234 | $1,409,530 |
| Operating Grants and Contributions | 8,608,731 | 8,362,306 |
| Total Program Revenue | 10,357,965 | 9,771,836 |
| *General Revenue* | | |
| Property Taxes | 6,975,567 | 6,194,935 |
| Unrestricted Grants and Entitlements | 7,465,257 | 6,988,988 |
| Investment Earnings | 507,633 | (204,230) |
| Unrestricted Gifts and Donations | 2,000 | 561 |
| Payments in Lieu of Taxes | 676 | 7,475 |
| Gain on Sale of Assets | 3,756 | 12,210 |
| Miscellaneous | 64,652 | 67,390 |
| Total General Revenue | 15,019,541 | 13,067,329 |
| Total Revenues | 25,377,506 | 22,839,165 |
| | | |
| *Expenses* | | |
| *Program Expenses* | | |
| *Instruction* | | |
| Vocational | 14,152,623 | 13,281,873 |
| *Support Services* | | |
| Pupils | 1,965,510 | 1,755,560 |
| Instructional Staff | 991,839 | 563,154 |
| Board of Education | 17,097 | 17,658 |
| Administration | 1,417,659 | 1,164,293 |
| Fiscal | 782,879 | 653,460 |
| Business | 860 | 1,297 |
| Operation and Maintenance of Plant | 1,638,465 | 1,522,432 |
| Pupil Transportation | 37,995 | 31,945 |
| Central | 116,951 | 60,891 |
| Operation of Non-Instructional Services | 1,276,994 | 1,497,155 |
| Extracurricular Activities | 195,585 | 141,113 |
| Total Expenses | 22,594,457 | 20,690,831 |
| | | |
| *Change in Net Position* | 2,783,049 | 2,148,334 |
| *Net Position Beginning of Year* | 9,827,567 | 7,679,233 |
| *Net Position End of Year* | $12,610,616 | $9,827,567 |

Charges for services and sales increased due to increased tuition and fees. Property taxes increased due to an increase in amounts available for advance. Unrestricted grants and entitlements increased due to an increase in monies received from the State foundation. Investment earnings increased between years due to an increase in interest earnings on investments. Some expense functions reflect an increase between years due to expenses incurred related to the Center's pension and OPEB liability (asset).

**Governmental Activities**

Operating grants and contributions and unrestricted grants and entitlements not restricted to specific programs each comprised 63 percent of revenue while property taxes and charges for services and sales comprised 27 percent and 7 percent, respectively, for governmental activities of the Center for fiscal year 2023 and represent the largest sources of revenues.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 63 percent of governmental program expenses with support services comprising 31 percent of governmental expenses. The Board of Education relies on taxes, grants and entitlements to support increased student achievement within the Center.

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

Table 3
Net Cost of Governmental Activities

| | Total Cost of Services 2023 | Net Cost of Services 2023 | Total Cost of Services 2022 | Net Cost of Services 2022 |
|---|---|---|---|---|
| *Program Expenses* | | | | |
| Instruction | $14,152,623 | $6,839,291 | $13,281,873 | $6,460,164 |
| Support Services | 6,969,255 | 5,140,918 | 5,770,690 | 4,537,322 |
| Operation of Non-Instructional Services | 1,276,994 | 147,366 | 1,497,155 | (141,187) |
| Extracurricular Activities | 195,585 | 108,917 | 141,113 | 62,696 |
| Total | $22,594,457 | $12,236,492 | $20,690,831 | $10,918,995 |

**The Center's Funds**

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

The general fund had $19,715,496 in revenues and other financing sources and $18,551,972 in expenditures and other financing uses resulting in a $1,163,524 increase in fund balance. Revenues increased between years due to increases in intergovernmental revenue and interest earnings, as well as a reduction in the decrease in the fair market value of investments experienced between years. Various expenditures did increase overall to cover services required by the increased revenues experienced.

The adult education fund had revenues of $2,873,872 and expenditures of $2,850,375 resulting in a $23,497 increase in fund balance. Various revenues increased slightly between years due to an increase in enrollment and services provided. Expenditures remained relatively consistent between years.

**Budget Highlights - General Fund**

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

During 2023, there were revisions to the general fund budget. In part, these revisions increased estimated revenues and other sources by $556,385 and increased estimated expenditures and other uses by $701,055. Actual revenues were higher than final budget amounts by $158,057. Actual expenditures were below final budgeted expenditures by $255,208. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. The general fund's ending unobligated cash balance was $413,265 above the final budgeted amount.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2023, the Center had $13,210,979 invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows the fiscal year 2023 balances compared to 2022.

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

| | 2023 | 2022* |
|---|---|---|
| Land | $314,883 | $314,883 |
| Buildings and Improvements | 11,665,274 | 11,926,722 |
| Furniture and Equipment | 1,095,840 | 1,049,690 |
| Vehicles | 134,982 | 181,459 |
| Capital Assets, Net | $13,210,979 | $13,472,754 |

*Reclassifications were made. See note 8 to the basic financial statements for additional information.

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

**Debt Administration**

The Center did not have any debt outstanding at June 30, 2023. Please see note 13 to the basic financial statements for additional information regarding other long-term obligations.

**Contacting the Center's Financial Management**

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

**Pickaway-Ross Career and Technology Center**
*Statement of Net Position*
*As of June 30, 2023*

| | Governmental Activities |
|---|---|
| **Assets:** | |
| Equity in Pooled Cash and Cash Equivalents | $19,797,879 |
| Cash and Cash Equivalents with Fiscal Agents | 4,520 |
| Accrued Interest Receivable | 36,026 |
| Accounts Receivable | 466,641 |
| Intergovernmental Receivable | 59,519 |
| Property Taxes Receivable | 6,591,224 |
| Net OPEB Asset | 1,915,828 |
| Nondepreciable Capital Assets | 314,883 |
| Depreciable Capital Assets, net | 12,896,096 |
| *Total Assets* | 42,082,616 |
| **Deferred Outflows of Resources:** | |
| Pension | 4,575,791 |
| OPEB | 372,300 |
| *Total Deferred Outflows of Resources* | 4,948,091 |
| **Liabilities:** | |
| Accounts Payable | 5,236 |
| Accrued Wages and Benefits | 1,263,035 |
| Intergovernmental Payable | 272,019 |
| Matured Compensated Absences Payable | 52,865 |
| Claims Payable | 10,090 |
| Long-Term Liabilities: | |
| Due Within One Year | 219,857 |
| Due in More Than One Year | 1,545,628 |
| Net Pension Liability | 19,474,337 |
| Net OPEB Liability | 785,603 |
| *Total Liabilities* | 23,628,670 |
| **Deferred Inflows of Resources:** | |
| Property Taxes not Levied to Finance Current Year Operations | 4,998,584 |
| Pension | 3,088,506 |
| OPEB | 2,704,331 |
| *Total Deferred Inflows of Resources* | 10,791,421 |
| **Net Position:** | |
| Investment in Capital Assets | 13,210,979 |
| Restricted for Other Purposes | 2,031,649 |
| Unrestricted (Deficit) | (2,632,012) |
| *Total Net Position* | $12,610,616 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Activities*
*For the Fiscal Year Ended June 30, 2023*

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|---|
| | | Charges for Services and Sales | Operating Grants and Contributions | |
| **Governmental Activities:** | | | | |
| Instruction: | | | | |
| Vocational | $14,152,623 | $925,349 | $6,387,983 | ($6,839,291) |
| Support Services: | | | | |
| Pupils | 1,965,510 | 489,435 | 712,178 | (763,897) |
| Instructional Staff | 991,839 | 109,271 | 384,769 | (497,799) |
| Board of Education | 17,097 | 0 | 0 | (17,097) |
| Administration | 1,417,659 | 0 | 16,469 | (1,401,190) |
| Fiscal | 782,879 | 361 | 304 | (782,214) |
| Business | 860 | 0 | 0 | (860) |
| Operation and Maintenance of Plant | 1,638,465 | 0 | 45,029 | (1,593,436) |
| Pupil Transportation | 37,995 | 0 | 489 | (37,506) |
| Central | 116,951 | 36,360 | 33,672 | (46,919) |
| Operation of Non-Instructional Services | 1,276,994 | 108,921 | 1,020,707 | (147,366) |
| Extracurricular Activities | 195,585 | 79,537 | 7,131 | (108,917) |
| *Total Governmental Activities* | $22,594,457 | $1,749,234 | $8,608,731 | (12,236,492) |

| | |
|---|---|
| **General Revenues:** | |
| Property Taxes Levied for: | |
| General Purposes | 6,975,567 |
| Grants and Entitlements not Restricted for Specific Programs | 7,465,257 |
| Investment Earnings | 507,633 |
| Gifts and Donations not Restricted for Specific Programs | 2,000 |
| Payments in Lieu of Taxes | 676 |
| Gain on Sale of Assets | 3,756 |
| Miscellaneous | 64,652 |
| *Total General Revenues* | 15,019,541 |
| *Change in Net Position* | 2,783,049 |
| *Net Position Beginning of Year* | 9,827,567 |
| *Net Position End of Year* | $12,610,616 |

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

**Pickaway-Ross Career and Technology Center**
*Balance Sheet*
*Governmental Funds*
*As of June 30, 2023*

| | General Fund | Adult Education Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Assets:** | | | | |
| Equity in Pooled Cash and Cash Equivalents | $15,457,460 | $216,325 | $3,860,149 | $19,533,934 |
| Accrued Interest Receivable | 36,026 | 0 | 0 | 36,026 |
| Accounts Receivable | 0 | 466,641 | 0 | 466,641 |
| Interfund Receivable | 89,483 | 0 | 0 | 89,483 |
| Intergovernmental Receivable | 2,104 | 0 | 57,415 | 59,519 |
| Property Taxes Receivable | 6,591,224 | 0 | 0 | 6,591,224 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 12,231 | 0 | 0 | 12,231 |
| *Total Assets* | $22,188,528 | $682,966 | $3,917,564 | $26,789,058 |
| **Liabilities:** | | | | |
| Accounts Payable | $2,025 | $3,211 | $0 | $5,236 |
| Accrued Wages and Benefits | 1,236,852 | 10,599 | 15,584 | 1,263,035 |
| Interfund Payable | 0 | 0 | 89,483 | 89,483 |
| Intergovernmental Payable | 221,310 | 28,306 | 22,403 | 272,019 |
| Matured Compensated Absences Payable | 52,865 | 0 | 0 | 52,865 |
| *Total Liabilities* | 1,513,052 | 42,116 | 127,470 | 1,682,638 |
| **Deferred Inflows of Resources:** | | | | |
| Property Taxes not Levied to Finance Current Year Operations | 4,998,584 | 0 | 0 | 4,998,584 |
| Unavailable Revenue | 186,236 | 0 | 16,760 | 202,996 |
| *Total Deferred Inflows of Resources* | 5,184,820 | 0 | 16,760 | 5,201,580 |
| **Fund Balances:** | | | | |
| Nonspendable | 12,231 | 0 | 0 | 12,231 |
| Restricted | 0 | 640,850 | 1,378,568 | 2,019,418 |
| Committed | 968,433 | 0 | 2,443,469 | 3,411,902 |
| Assigned | 49,305 | 0 | 0 | 49,305 |
| Unassigned (Deficit) | 14,460,687 | 0 | (48,703) | 14,411,984 |
| *Total Fund Balances* | 15,490,656 | 640,850 | 3,773,334 | 19,904,840 |
| *Total Liabilities, Deferred Inflows of Resources, and Fund Balances* | $22,188,528 | $682,966 | $3,917,564 | $26,789,058 |

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

**Pickaway-Ross Career and Technology Center**

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

| | | |
|---|---|---|
| **Total Governmental Fund Balances** | | $19,904,840 |
| 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. | | 13,210,979 |
| Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds. | | |
| Delinquent Property Taxes | 184,132 | |
| Grants | 18,864 | |
| Total | | 202,996 |
| The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. | | 246,144 |
| The net pension/OPEB liability (asset) is not due and payable (receivable) in the current period. Therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds: | | |
| Deferred Outflows-Pension | 4,575,791 | |
| Deferred Outflows-OPEB | 372,300 | |
| Deferred Inflows-Pension | (3,088,506) | |
| Deferred Inflows-OPEB | (2,704,331) | |
| Net Pension Liability | (19,474,337) | |
| Net OPEB Asset | 1,915,828 | |
| Net OPEB Liability | (785,603) | |
| Total | | (19,188,858) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Compensated Absences | (1,765,485) | |
| Total | | (1,765,485) |
| **Net Position of Governmental Activities** | | $12,610,616 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Revenues, Expenditures and Changes in Fund Balances*
*Governmental Funds*
*For the Fiscal Year Ended June 30, 2023*

| | General Fund | Adult Education Fund | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property Taxes | $6,976,597 | $0 | $0 | $6,976,597 |
| Intergovernmental | 12,181,369 | 1,301,451 | 2,453,973 | 15,936,793 |
| Interest | 578,046 | 0 | 0 | 578,046 |
| Change in Fair Value of Investments | (70,413) | 0 | 0 | (70,413) |
| Tuition and Fees | 0 | 1,301,233 | 0 | 1,301,233 |
| Rent | 6,710 | 0 | 0 | 6,710 |
| Extracurricular Activities | 0 | 0 | 81,156 | 81,156 |
| Gifts and Donations | 2,000 | 0 | 129,009 | 131,009 |
| Customer Sales and Services | 8,174 | 244,659 | 108,921 | 361,754 |
| Payments in Lieu of Taxes | 676 | 0 | 0 | 676 |
| Miscellaneous | 28,581 | 26,529 | 9,542 | 64,652 |
| *Total Revenues* | 19,711,740 | 2,873,872 | 2,782,601 | 25,368,213 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Vocational | 11,516,732 | 1,667,412 | 582,003 | 13,766,147 |
| Support Services: | | | | |
| Pupils | 1,065,006 | 896,345 | 48,594 | 2,009,945 |
| Instructional Staff | 465,858 | 200,117 | 309,275 | 975,250 |
| Board of Education | 17,824 | 0 | 0 | 17,824 |
| Administration | 1,392,797 | 0 | 16,290 | 1,409,087 |
| Fiscal | 792,547 | 661 | 0 | 793,208 |
| Business | 860 | 0 | 0 | 860 |
| Operation and Maintenance of Plant | 1,567,189 | 0 | 73,439 | 1,640,628 |
| Pupil Transportation | 19,722 | 0 | 489 | 20,211 |
| Central | 46,456 | 66,590 | 3,061 | 116,107 |
| Operation of Non-Instructional Services | 0 | 0 | 1,286,593 | 1,286,593 |
| Extracurricular Activities | 113,378 | 0 | 85,280 | 198,658 |
| Capital Outlay | 53,603 | 19,250 | 566,637 | 639,490 |
| *Total Expenditures* | 17,051,972 | 2,850,375 | 2,971,661 | 22,874,008 |
| *Excess of Revenues Over (Under) Expenditures* | 2,659,768 | 23,497 | (189,060) | 2,494,205 |
| **Other Financing Sources (Uses):** | | | | |
| Transfers In | 0 | 0 | 1,500,000 | 1,500,000 |
| Proceeds from Sale of Assets | 3,756 | 0 | 0 | 3,756 |
| Transfers Out | (1,500,000) | 0 | 0 | (1,500,000) |
| *Total Other Financing Sources (Uses)* | (1,496,244) | 0 | 1,500,000 | 3,756 |
| *Net Change in Fund Balances* | 1,163,524 | 23,497 | 1,310,940 | 2,497,961 |
| *Fund Balance at Beginning of Year* | 14,327,132 | 617,353 | 2,462,394 | 17,406,879 |
| *Fund Balance at End of Year* | $15,490,656 | $640,850 | $3,773,334 | $19,904,840 |

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

**Pickaway-Ross Career and Technology Center**
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities*
*For the Fiscal Year Ended June 30, 2023*

| | | |
|---|---|---|
| **Net Change in Fund Balances - Total Governmental Funds** | | $2,497,961 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital asset additions and depreciation in the current period. | | |
| Capital Asset Additions | 639,490 | |
| Current Year Depreciation | (901,265) | |
| Total | | (261,775) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Delinquent Property Taxes | (1,030) | |
| Grants | 5,309 | |
| Charges for Services | (1,619) | |
| Total | | 2,660 |
| The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | 4,526 |
| Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows. | | |
| Pension | 1,672,128 | |
| OPEB | 26,662 | |
| Total | | 1,698,790 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | (1,530,123) | |
| OPEB | 445,802 | |
| Total | | (1,084,321) |
| 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. | | |
| Increase in Compensated Absences Payable | (74,792) | |
| Total | | (74,792) |
| **Net Change in Net Position of Governmental Activities** | | $2,783,049 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Revenues, Expenditures and Change*
*in Fund Balance - Budget and Actual (Budgetary Basis)*
*General Fund*
*For the Fiscal Year Ended June 30, 2023*

| | Budgeted Amounts | | | Variance with Final Budget: Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| Total Revenues and Other Financing Sources | $18,443,615 | $19,000,000 | $19,158,057 | $158,057 |
| Total Expenditures and Other Financing Uses | 18,200,901 | 18,901,956 | 18,646,748 | 255,208 |
| *Net Change in Fund Balance* | 242,714 | 98,044 | 511,309 | 413,265 |
| *Fund Balance at Beginning of Year* | 14,094,393 | 14,094,393 | 14,094,393 | 0 |
| *Prior Year Encumbrances Appropriated* | 100,903 | 100,903 | 100,903 | 0 |
| *Fund Balance at End of Year* | $14,438,010 | $14,293,340 | $14,706,605 | $413,265 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Revenues, Expenditures and Change*
*in Fund Balance - Budget and Actual (Budgetary Basis)*
*Adult Education Fund*
*For the Fiscal Year Ended June 30, 2023*

| | Budgeted Amounts | | | Variance with Final Budget: Positive (Negative) |
|---|---|---|---|---|
| | Original | Final | Actual | |
| Total Revenues and Other Financing Sources | $3,100,000 | $2,700,000 | $2,687,037 | ($12,963) |
| Total Expenditures and Other Financing Uses | 3,313,142 | 3,063,142 | 2,887,185 | 175,957 |
| *Net Change in Fund Balance* | (213,142) | (363,142) | (200,148) | 162,994 |
| *Fund Balance at Beginning of Year* | 341,987 | 341,987 | 341,987 | 0 |
| *Prior Year Encumbrances Appropriated* | 63,142 | 63,142 | 63,142 | 0 |
| *Fund Balance at End of Year* | $191,987 | $41,987 | $204,981 | $162,994 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Fund Net Position*
*Internal Service Fund*
*As of June 30, 2023*

| | Dental Self-Insurance Fund |
|---|---|
| **Assets:** | |
| Equity in Pooled Cash and Cash Equivalents | $251,714 |
| Cash and Cash Equivalents with Fiscal Agents | 4,520 |
| *Total Assets* | 256,234 |
| **Liabilities:** | |
| Claims Payable | 10,090 |
| *Total Liabilities* | 10,090 |
| **Net Position:** | |
| Unrestricted | 246,144 |
| *Total Net Position* | $246,144 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Revenues, Expenses and Changes in Fund Net Position*
*Internal Service Fund*
*For the Fiscal Year Ended June 30, 2023*

| | Dental Self-Insurance Fund |
|---|---|
| **Operating Revenues:** | |
| Charges for Services | $134,860 |
| *Total Operating Revenues* | 134,860 |
| **Operating Expenses:** | |
| Claims | 130,334 |
| *Total Operating Expenses* | 130,334 |
| *Operating Income* | 4,526 |
| *Net Position at Beginning of Year* | 241,618 |
| *Net Position at End of Year* | $246,144 |

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

**Pickaway-Ross Career and Technology Center**
*Statement of Cash Flows*
*Internal Service Fund*
*For the Fiscal Year Ended June 30, 2023*

| | Dental Self-Insurance Fund |
|---|---|
| **Increase in Cash and Cash Equivalents:** | |
| **Cash Flows from Operating Activities:** | |
| Charges for Services | $134,860 |
| Claims | (132,029) |
| *Net Cash Flows Provided by Operating Activities* | 2,831 |
| *Net Increase in Cash and Cash Equivalents* | 2,831 |
| *Cash and Cash Equivalents at Beginning of Year* | 253,403 |
| *Cash and Cash Equivalents at End of Year* | $256,234 |
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities:** | |
| Operating Income | $4,526 |
| *Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities* | |
| Decrease in Claims Payable | (1,695) |
| *Net Cash Provided by Operating Activities* | $2,831 |

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

## Note 1 – Description of the Center and Reporting Entity

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

The Center was established in 1970 through the cooperation of all school districts involved. The Center serves an area of approximately 1,090 square miles. It is located in Ross County and includes the school districts within Ross and Pickaway Counties. It is staffed by 37 non-certificated employees and 94 certificated full-time teaching personnel who provide services to 1,104 students and other community members. The Center currently operates 3 instructional buildings.

*Reporting Entity:*

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

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

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

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

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

The Center is associated with four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are META Solutions, Great Seal Education Network of Tomorrow, Ross County School Employees Insurance Consortium and Ohio SchoolComp Workers' Compensation Group Rating Plan, respectively. These organizations are presented in notes 15 and 16 to the basic financial statements.

## Note 2 – Summary of Significant Accounting Policies

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

### Fund Accounting

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

Governmental Funds

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

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

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

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

Proprietary Fund

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

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

Fiduciary Funds

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

Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center has no fiduciary funds.

**Basis of Presentation**

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

Government-wide Financial Statements

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

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

Fund Financial Statements

During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented on the face of the proprietary fund statements. Fiduciary funds are reported by fund type; however, the Center has no fiduciary funds.

**Measurement Focus**

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

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

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

**Basis of Accounting**

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

**Revenues – Exchange and Non-Exchange Transactions**

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

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

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

**Deferred Outflows and Deferred Inflows of Resources**

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

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the Center, deferred inflows of resources include property taxes, grants, pensions, and other postemployment benefits. Property taxes for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Grants and entitlements not received within the available period and delinquent property taxes due at June 30, 2023, are recorded as deferred inflows of resources in the governmental funds and as revenue on the statement of activities. Information on pensions and other postemployment benefits is presented in notes 10 and 11.

**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. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

**Cash and Investments**

Cash received by the Center is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the general fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned during fiscal year 2023 was $578,046, which was credited to the general fund. The Center also experienced a decrease in fair value of investments of $70,413, which was also recognized in the general fund.

The Center records all its investments at fair value. For presentation on the financial statements, investments of the cash management pool are considered to be cash equivalents. The Center has invested in the certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio), money market funds, commercial paper, municipal bonds, and U.S. Treasury and U.S. government agency securities during fiscal year 2023. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Center measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

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

**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets include unclaimed monies that are required to be held for five years before they may be utilized by the Center.

**Capital Assets and Depreciation**

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

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

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

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

| Description | Estimated Lives |
|---|---|
| Land Improvements | 10 - 20 years |
| Buildings and Improvements | 10 - 40 years |
| Furniture and Equipment | 5 - 20 years |
| Vehicles | 5 years |

**Interfund Balances**

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

**Compensated Absences**

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

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

**Accrued Liabilities and Long-Term Obligations**

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

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

**Net Position**

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

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

As of June 30, 2023, none of the Center's restricted net position was restricted by enabling legislation.

**Fund Balances**

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

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

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

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

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

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

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

**Interfund Transactions**

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

**Operating Revenues and Expenses**

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

**Estimates**

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

**Pensions/OPEB**

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

## Note 3 – Accountability

The business management food services fund and aspire grant fund had deficit fund balances of $31,943 and $16,760, respectively. The deficit in this fund is due to adjustments for accrued liabilities and the timing of grant awards. The general fund provides transfers when cash is required, not when expenditures are incurred.

## Note 4 – Budgetary Basis of Accounting

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

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

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

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

| Net Change in Fund Balance | | |
|---|---|---|
| | General | Adult Education |
| GAAP Basis | $1,163,524 | $23,497 |
| Revenue Accruals | (557,439) | (186,835) |
| Expenditure Accruals | (130,520) | (25,466) |
| Encumbrances | (49,372) | (11,344) |
| (Excess) Deficit of Funds Combined with General Fund for Reporting Purposes | 85,116 | 0 |
| Budget Basis | $511,309 | ($200,148) |

## Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Deposits* Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, the Center's bank balance of $393,836 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

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

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

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

*Investments* At June 30, 2023, the Center had the following investments:

| Investment Type | Fair Value | Maturity | Credit Rating* | Percentage of Portfolio |
|---|---|---|---|---|
| STAR Ohio | $9,329,707 | Less than 1 year | AAAm | 47.62% |
| Federal Home Loan Bank | 352,486 | Less than 1 year | AA+ | 1.80% |
| Federal Home Loan Bank | 818,869 | 1 to 2 years | AA+ | 4.18% |
| Federal Home Loan Bank | 108,741 | 3 to 5 years | AA+ | 0.55% |
| Federal Home Loan Mortgage Corporation | 629,687 | 3 to 5 years | AA+ | 3.21% |
| Municipal Bonds | 293,895 | Less than 1 year | AA | 1.50% |
| Municipal Bonds | 281,799 | 3 to 5 years | N/A | 1.44% |
| Municipal Bonds | 174,071 | 3 to 5 years | AAA | 0.89% |
| Municipal Bonds | 70,127 | 3 to 5 years | AA | 0.36% |
| Negotiable Certificates of Deposit | 969,367 | Less than 1 year | N/A | 4.95% |
| Negotiable Certificates of Deposit | 2,502,976 | 1 to 2 years | N/A | 12.77% |
| Negotiable Certificates of Deposit | 773,774 | 3 to 5 years | N/A | 3.95% |
| US Treasury Notes | 431,361 | 1 to 2 years | AA+ | 2.20% |
| Commercial Paper | 2,554,750 | Less than 1 year | A-1 | 13.04% |
| First American Treasury Obligations Money Market Fund | 302,382 | Less than 1 year | AAAm | 1.54% |
| Total | $19,593,992 | | | 100.00% |

*Standard & Poor's credit rating.
N/A – Standard & Poor's credit rating not available.

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Center's recurring fair value measurements as of June 30, 2023. As discussed further in note 2, STAR Ohio is reported at its share price. All other investments of the Center are valued using quoted market prices (Level 1 inputs).

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

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

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Center's investment policy allows investments in repurchase agreements, certificates of deposit, in financial institutions within the State of Ohio as designated by the Federal Reserve Board, and other investments as allowable per the Ohio Revised Code.

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

## Note 6 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located within the Center's boundaries. Property tax revenue received during calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received during 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% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected in 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 assessed values upon which 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 | $2,219,976,720 | 85.61% | $2,529,837,740 | 86.50% |
| Public Utility Personal | 373,211,310 | 14.39% | 394,727,800 | 13.50% |
| Total Assessed Value | $2,593,188,030 | 100.00% | $2,924,565,540 | 100.00% |
| Tax Rate per $1,000 of Assessed Valuation | $4.20 | | $4.20 | |

The Center receives property taxes from Pickaway, Ross, Madison, and Hocking Counties. The county auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 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 represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2023 was $1,408,508 in the general fund.

## Note 7 – Receivables

Receivables at June 30, 2023 consisted of property taxes, grants, accounts (billings for user charged services, tuition and student fees), interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

| | |
|---|---|
| *Major Fund:* | |
| General | $2,104 |
| *Nonmajor Funds:* | |
| Miscellaneous State Grants | 5,200 |
| Adult Basic Education | 16,760 |
| Vocational Education Perkins | 35,455 |
| Total Nonmajor Funds | 57,415 |
| Total Funds | $59,519 |

**Note 8 – Capital Assets**

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

| Asset Category | Balance at 7/1/22* | Additions | Deletions | Balance at 6/30/23 |
|---|---|---|---|---|
| *Nondepreciable Capital Assets:* | | | | |
| Land | $314,883 | $0 | $0 | $314,883 |
| | | | | |
| *Depreciable Capital Assets:* | | | | |
| Land Improvements | 242,047 | 0 | 0 | 242,047 |
| Buildings and Improvements | 25,367,352 | 449,062 | 0 | 25,816,414 |
| Furniture and Equipment | 4,543,835 | 185,028 | (5,856) | 4,723,007 |
| Vehicles | 420,529 | 5,400 | 0 | 425,929 |
| Total Depreciable Capital Assets | 30,573,763 | 639,490 | (5,856) | 31,207,397 |
| | | | | |
| *Accumulated Depreciation:* | | | | |
| Land Improvements | (160,004) | (4,357) | 0 | (164,361) |
| Buildings and Improvements | (13,522,673) | (706,153) | 0 | (14,228,826) |
| Furniture and Equipment | (3,494,145) | (138,878) | 5,856 | (3,627,167) |
| Vehicles | (239,070) | (51,877) | 0 | (290,947) |
| Total Accumulated Depreciation | (17,415,892) | (901,265) | 5,856 | (18,311,301) |
| | | | | |
| Depreciable Capital Assets, Net | 13,157,871 | (261,775) | 0 | 12,896,096 |
| | | | | |
| Total Net Capital Assets | $13,472,754 | ($261,775) | $0 | $13,210,979 |

*The Center reviewed classification of assets and identified certain assets that were previously improperly classified. Corrections were made to reflect proper classifications. There was no impact on previously reported net position.

Depreciation expense was charged to governmental functions as follow:

| | |
|---|---|
| *Instruction*: | |
| Vocational | $848,877 |
| *Support Services:* | |
| Instructional Staff | 11,487 |
| Fiscal | 288 |
| Operation and Maintenance of Plant | 21,392 |
| Pupil Transportation | 18,377 |
| Central | 844 |
| Total | $901,265 |

## Note 9 – Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Center contracted with American Family Home Insurance Company for fleet, liability, property, and boiler and machinery insurance.

Coverages provided by this company are as follows:

| | |
|---|---|
| Building and Contents ($2,500 deductible) | $72,912,125 |
| Automobile Liability | 1,000,000 |
| Uninsured Motorists | 1,000,000 |
| General Liability: | |
| Per Occurrence | 1,000,000 |
| Aggregate Limit | 3,000,000 |
| Commercial Excess Liability: | |
| Per Occurrence and Aggregate | 5,000,000 |

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

Workers' Compensation

For fiscal year 2023, the Center participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Self-Insurance

The Center is a member the Ross County School Employees Insurance Consortium, a shared risk pool (note 16), consisting of five school districts and other educational institutions within Ross County. The intent of the Consortium is to achieve the benefit of a reduced health insurance premium for the Center by virtue of its grouping and representation with other participants in the Consortium.

The Center is self-insured for dental insurance through Medical Mutual. The claims liability of $10,090 reported in the internal service fund as of June 30, 2023 is based upon an estimate prepared by Medical Mutual based upon an analysis of claims paid after fiscal year end.

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

| | Balance at Beginning of Fiscal Year | Current Year Claims | Claim Payments | Balance at End of Fiscal Year |
|---|---|---|---|---|
| 2023 | $11,785 | $130,334 | $132,029 | $10,090 |
| 2022 | 13,551 | 124,759 | 126,525 | 11,785 |

**Note 10 – 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/OPEB liability (asset) reported on the statement of net position represents a liability to (asset for) employees for pensions/OPEB. Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) 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 11 for the required OPEB disclosures.

**School Employees Retirement System (SERS)**

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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 contributions to SERS were $293,726 for fiscal year 2023. Of this amount, $0 was reported as an intergovernmental payable.

**State Teachers Retirement System (STRS)**

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

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 five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit 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 to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The Center's contractually required contributions to STRS were $1,378,402 for fiscal year 2023. Of this amount, $229,292 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:

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net Pension Liability | | | |
| Current Measurement Date | 0.05595420% | 0.073989230% | |
| Proportion of the Net Pension Liability | | | |
| Prior Measurement Date | 0.05962270% | 0.079467708% | |
| Change in Proportionate Share | -0.00366850% | -0.005478478% | |
| Proportionate Share of the Net | | | |
| Pension Liability | $3,026,438 | $16,447,899 | $19,474,337 |
| Pension Expense | $109,146 | $1,420,977 | $1,530,123 |

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

| | SERS | STRS | Total |
|---|---|---|---|
| *Deferred Outflows of Resources* | | | |
| Differences between expected and | | | |
| actual experience | $122,572 | $210,554 | $333,126 |
| Changes of assumptions | 29,863 | 1,968,322 | 1,998,185 |
| Net difference between projected and | | | |
| actual earnings on pension plan investments | 0 | 572,352 | 572,352 |
| Center contributions subsequent to the | | | |
| measurement date | 293,726 | 1,378,402 | 1,672,128 |
| Total Deferred Outflows of Resources | $446,161 | $4,129,630 | $4,575,791 |
| *Deferred Inflows of Resources* | | | |
| Differences between expected and | | | |
| actual experience | $19,869 | $62,918 | $82,787 |
| Changes of assumptions | 0 | 1,481,578 | 1,481,578 |
| Net difference between projected and | | | |
| actual earnings on pension plan investments | 105,608 | 0 | 105,608 |
| Changes in proportion and differences | | | |
| between Center contributions and proportionate | | | |
| share of contributions | 153,807 | 1,264,726 | 1,418,533 |
| Total Deferred Inflows of Resources | $279,284 | $2,809,222 | $3,088,506 |

$1,672,128 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2024 | ($67,422) | ($404,803) | ($472,225) |
| 2025 | (84,064) | (480,926) | (564,990) |
| 2026 | (150,865) | (840,350) | (991,215) |
| 2027 | 175,502 | 1,668,085 | 1,843,587 |
| Total | ($126,849) | ($57,994) | ($184,843) |

**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 below:

| | |
|---|---|
| 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 Weight 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 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 each plan's 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 | $4,454,773 | $3,026,438 | $1,823,086 |

**Actuarial Assumptions - STRS**

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

| | |
|---|---|
| Inflation | 2.50 percent |
| Salary increases | From 2.5 percent to 12.5 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 Disable 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 is 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. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 | $24,846,788 | $16,447,899 | $9,345,040 |

## Note 11 – Defined Benefit OPEB Plans

See note 10 for a description of the net OPEB liability (asset).

**School Employees Retirement System (SERS)**

Health Care Plan Description - The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 $26,662.

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 for health care was $26,662 for fiscal year 2023. Of this amount, $26,662 was reported as an intergovernmental payable.

**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 post-employment 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 post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 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 (gain):

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the Net OPEB Liability (Asset) Current Measurement Date | 0.05595420% | 0.073989230% | |
| Proportion of the Net OPEB Liability (Asset) Prior Measurement Date | 0.05778050% | 0.079467708% | |
| Change in Proportionate Share | -0.00182630% | -0.005478478% | |
| Proportionate Share of the Net OPEB Liability | $785,603 | $0 | $785,603 |
| Proportionate Share of the Net OPEB Asset | $0 | ($1,915,828) | ($1,915,828) |
| OPEB Expense (Gain) | ($115,372) | ($330,430) | ($445,802) |

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

| | SERS | STRS | Total |
|---|---|---|---|
| *Deferred Outflows of Resources* | | | |
| Differences between expected and actual experience | $6,603 | $27,772 | $34,375 |
| Changes of assumptions | 124,959 | 81,607 | 206,566 |
| Net difference between projected and actual earnings on pension plan investments | 4,084 | 33,348 | 37,432 |
| Changes in proportionate share and difference between Center contributions and proportionate share of contributions | 41,044 | 26,221 | 67,265 |
| Center contributions subsequent to the measurement date | 26,662 | 0 | 26,662 |
| Total Deferred Outflows of Resources | $203,352 | $168,948 | $372,300 |
| | | | |
| *Deferred Inflows of Resources* | | | |
| Differences between expected and actual experience | $502,528 | $287,719 | $790,247 |
| Changes of assumptions | 322,495 | 1,358,507 | 1,681,002 |
| Changes in proportionate share and difference between Center contributions and proportionate share of contributions | 218,093 | 14,989 | 233,082 |
| Total Deferred Inflows of Resources | $1,043,116 | $1,661,215 | $2,704,331 |

$26,662 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 increase in 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:

| | SERS | STRS | Total |
|---|---|---|---|
| Fiscal Year Ending June 30: | | | |
| 2024 | ($219,707) | ($424,596) | ($644,303) |
| 2025 | (201,807) | (439,840) | (641,647) |
| 2026 | (158,032) | (205,539) | (363,571) |
| 2027 | (100,844) | (85,240) | (186,084) |
| 2028 | (72,670) | (111,506) | (184,176) |
| Thereafter | (113,366) | (225,546) | (338,912) |
| Total | ($866,426) | ($1,492,267) | ($2,358,693) |

**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 below:

| | |
|---|---|
| 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 expenses, 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 is 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

| 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 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 at 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) 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 | $975,731 | $785,603 | $632,118 |

| | 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 | $605,841 | $785,603 | $1,020,401 |

**Actuarial Assumptions – STRS**

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

| | June 30, 2022 | June 30, 2021 |
|---|---|---|
| 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<br>3.94 percent ultimate | 5.00 percent initial<br>4 percent ultimate |
| Medicare | -68.78 percent initial<br>3.94 percent ultimate | -16.18 percent initial<br>4 percent ultimate |
| Prescription Drug | | |
| Pre-Medicare | 9.00 percent initial<br>3.94 percent ultimate | 6.50 percent initial<br>4 percent ultimate |
| Medicare | -5.47 percent initial<br>3.94 percent ultimate | 29.98 percent initial<br>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.

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 is 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 OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes 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 | ($1,771,132) | ($1,915,828) | ($2,039,771) |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| Center's proportionate share of the net OPEB asset | ($1,987,179) | ($1,915,828) | ($1,825,763) |

## Note 12 – Employee Benefits

### Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 285 days for all personnel. Upon retirement, payment is made for one-fourth of the first 180 days of accrued, but unused sick leave credit, to a maximum of 45 days, plus one-tenth of days 181 through 285, to a maximum of 10 and one-half days for all employees.

### Insurance Benefits

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

### Deferred Compensation

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

## Note 13 – Long-Term Obligations

Long-term debt and other obligations at June 30, 2023 and the related transactions for the year then ended are summarized below:

| | Principal Outstanding at 7/1/22 | Additions | Deletions | Principal Outstanding at 6/30/23 | Amount Due in One Year |
|---|---|---|---|---|---|
| *Governmental Activities:* | | | | | |
| Compensated Absences | $1,690,693 | $613,760 | ($538,968) | $1,765,485 | $219,857 |
| Net Pension Liability | 12,360,566 | 7,113,771 | 0 | 19,474,337 | 0 |
| Net OPEB Liability | 1,093,543 | 0 | (307,940) | 785,603 | 0 |
| Total Long-Term Obligations | $15,144,802 | $7,727,531 | ($846,908) | $22,025,425 | $219,857 |

The Center's overall legal debt margin was $263,210,899 and an unvoted debt margin of $2,924,566 at June 30, 2023.

## Note 14 – Interfund Activity

For the fiscal year ended June 30, 2023, transfers in and out that resulted from various interfund transactions were as follows:

| | Transfer In | Transfer Out |
|---|---|---|
| *Major Fund:* | | |
| General | $0 | $1,500,000 |
| *Nonmajor Funds:* | | |
| Permanent Improvement | 1,326,985 | 0 |
| Classroom Facilities Maintenance | 173,015 | 0 |
| Total Nonmajor Funds | 1,500,000 | 0 |
| Total | $1,500,000 | $1,500,000 |

The general fund transferred monies to various funds to subsidize operations.

As of June 30, 2023, the Center's interfund receivable/payable balances were as follows:

| | Receivable | Payable |
|---|---|---|
| *Major Fund:* | | |
| General | $89,483 | $0 |
| *Nonmajor Funds:* | | |
| Food Services | 0 | 50,000 |
| Adult Basic Education | 0 | 15,480 |
| Vocational Education | 0 | 24,003 |
| Total Nonmajor Funds | 0 | 89,483 |
| Total | $89,483 | $89,483 |

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

## Note 15 – Jointly Governed Organizations

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

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The Center paid META Solutions $62,580 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

*Great Seal Education Network of Tomorrow* – The Center is a member of the Great Seal Education Network of Tomorrow (the Council). The Council is a regional council of governments consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the Board of

Education) of each of the members. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

**Note 16 – Public Entity Shared Risk and Insurance Purchasing Pools**

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

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

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

**Note 17 – Statutory Set-Asides**

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

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

| | Capital Maintenance |
|---|---|
| Set-Aside Balance as of June 30, 2022 | $0 |
| Current Year Set-Aside Requirement | 224,509 |
| Qualifying Disbursements | (1,076,985) |
| Current Year Offsets | (278,216) |
| Totals | ($1,130,692) |
| Set-Aside Balance as of June 30, 2023 | $0 |
| Total Restricted Assets | $0 |

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

## Note 18 – Significant Commitments

*Encumbrances* – At June 30, 2023, the Center had significant encumbrance commitments in governmental funds as follows:

| | |
|---|---|
| *Major Funds:* | |
| General | $49,372 |
| Adult Education | 11,344 |
| *Nonmajor Funds:* | |
| Classroom Facilities Maintenance | 231,709 |
| Human Services | 100,000 |

## Note 19 – Fund Balances

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

| | General | Adult Education | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|---|
| *Nonspendable* | | | | |
| Unclaimed Monies | $12,231 | $0 | $0 | $12,231 |
| | | | | |
| *Restricted* | | | | |
| Other Purposes | 0 | 0 | 107,102 | 107,102 |
| Classroom Facilities Maintenance | 0 | 0 | 1,062,185 | 1,062,185 |
| Student Activities | 0 | 0 | 109,280 | 109,280 |
| Human Services | 0 | 0 | 100,001 | 100,001 |
| Adult Education | 0 | 640,850 | 0 | 640,850 |
| Total Restricted | 0 | 640,850 | 1,378,568 | 2,019,418 |
| | | | | |
| *Committed* | | | | |
| Termination Benefits | 62,416 | 0 | 0 | 62,416 |
| Employee Benefits | 906,017 | 0 | 0 | 906,017 |
| Capital Improvements | 0 | 0 | 2,443,469 | 2,443,469 |
| Total Committed | 968,433 | 0 | 2,443,469 | 3,411,902 |
| | | | | |
| *Assigned* | | | | |
| Future Purchases | 49,305 | 0 | 0 | 49,305 |
| | | | | |
| *Unassigned (Deficit)* | 14,460,687 | 0 | (48,703) | 14,411,984 |
| | | | | |
| Total Fund Balances | $15,490,656 | $640,850 | $3,773,334 | $19,904,840 |

## Note 20 – Contingencies

### Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2023, if applicable, cannot be determined at this time.

### Litigation

The Center is not currently party to litigation.

### State Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized these adjustments. Management has reported an intergovernmental receivable of $2,104 as a result of these adjustments.

## Note 21 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency 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.

## Note 22 – Change in Accounting Principles

For fiscal year 2023, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements".

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, "Leases". It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

These changes were considered in the preparation of the Center's 2023 financial statements; however, there was no effect on beginning net position/fund balance nor was note disclosure presentation required.

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| *State Teachers Retirement System* | | | | | | | | | | |
| Center's proportion of the net pension liability | 0.07813591% | 0.07813591% | 0.07871369% | 0.08050329% | 0.08337329% | 0.08230577% | 0.08198706% | 0.08133116% | 0.079467708% | 0.073989230% |
| Center's proportionate share of the net pension liability | $22,639,057 | $19,005,357 | $21,754,162 | $26,946,878 | $19,805,504 | $18,097,191 | $18,130,946 | $19,679,247 | $10,160,661 | $16,447,899 |
| Center's covered payroll | $8,171,138 | $8,019,362 | $8,349,964 | $8,772,664 | $9,408,950 | $9,353,879 | $9,656,900 | $9,822,300 | $9,741,536 | $9,573,343 |
| Center's proportionate share of the net pension liability as a percentage of its covered payroll | 277.1% | 237.0% | 260.5% | 307.2% | 210.5% | 193.5% | 187.8% | 200.4% | 104.3% | 171.8% |
| Plan fiduciary net position as a percentage of the total pension liability | 69.3% | 74.7% | 72.1% | 66.8% | 75.3% | 77.3% | 77.4% | 75.5% | 87.8% | 78.9% |
| *School Employees Retirement System* | | | | | | | | | | |
| Center's proportion of the net pension liability | 0.05941800% | 0.05941800% | 0.06096640% | 0.06859640% | 0.06514580% | 0.05920220% | 0.05673850% | 0.05957320% | 0.05962270% | 0.05595420% |
| Center's proportionate share of the net pension liability | $3,533,398 | $3,007,111 | $3,478,802 | $5,020,624 | $3,892,318 | $3,390,620 | $3,394,764 | $3,940,297 | $2,199,905 | $3,026,438 |
| Center's covered payroll | $1,757,153 | $1,707,843 | $1,796,199 | $2,213,221 | $1,861,786 | $1,688,274 | $1,861,556 | $2,041,586 | $1,920,129 | $1,949,557 |
| Center's proportionate share of the net pension liability as a percentage of its covered payroll | 201.1% | 176.1% | 193.7% | 226.8% | 209.1% | 200.8% | 182.4% | 193.0% | 114.6% | 155.2% |
| Plan fiduciary net position as a percentage of the total pension liability | 65.5% | 71.7% | 69.2% | 63.0% | 69.5% | 71.4% | 70.9% | 68.6% | 82.9% | 75.8% |

The amounts presented are as of the Center's measurement date, which is the prior fiscal year end.
See accompanying notes to the required supplementary information.

**Pickaway-Ross Career and Technology Center**

*Required Supplementary Information*

*Schedule of the Center's Proportionate Share of the Net OPEB Liability (Asset)*

*Last Seven Fiscal Years*

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| *State Teachers Retirement System* | | | | | | | |
| Center's proportion of the net OPEB liability (asset) | 0.08050329% | 0.08337329% | 0.08230577% | 0.08198706% | 0.08133116% | 0.079467708% | 0.073989230% |
| Center's proportionate share of the net OPEB liability (asset) | $4,458,825 | $3,252,918 | ($1,322,570) | ($1,357,902) | ($1,429,394) | ($1,675,512) | ($1,915,828) |
| Center's covered payroll | $8,772,664 | $9,408,950 | $9,353,879 | $9,656,900 | $9,822,300 | $9,741,536 | $9,573,343 |
| Center's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll | 50.8% | 34.6% | -14.1% | -14.1% | -14.6% | -17.2% | -20.0% |
| Plan fiduciary net position as a percentage of the total OPEB liability (asset) | 37.3% | 47.1% | 176.0% | 174.7% | 182.1% | 174.7% | 230.7% |
| *School Employees Retirement System* | | | | | | | |
| Center's proportion of the net OPEB liability | 0.06859640% | 0.06463300% | 0.06027700% | 0.05582130% | 0.05837780% | 0.05778050% | 0.05595420% |
| Center's proportionate share of the net OPEB liability | $1,842,280 | $1,734,580 | $1,672,247 | $1,403,788 | $1,268,741 | $1,093,543 | $785,603 |
| Center's covered payroll | $2,213,221 | $1,861,786 | $1,688,274 | $1,861,556 | $2,041,586 | $1,920,129 | $1,949,557 |
| Center's proportionate share of the net OPEB liability as a percentage of its covered payroll | 83.2% | 93.2% | 99.1% | 75.4% | 62.1% | 57.0% | 40.3% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 11.5% | 12.5% | 13.6% | 15.6% | 18.2% | 24.1% | 30.3% |

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

**Pickaway-Ross Career and Technology Center**

*Required Supplementary Information*

*Schedule of Center Contributions*

*Last Ten Fiscal Years*

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| *State Teachers Retirement System* | | | | | | | | | | |
| Contractually required contribution - pension | $1,042,517 | $1,168,995 | $1,228,173 | $1,317,253 | $1,309,543 | $1,351,966 | $1,375,122 | $1,363,815 | $1,340,268 | $1,378,402 |
| Contractually required contribution - OPEB | 80,194 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contractually required contribution - total | 1,122,711 | 1,168,995 | 1,228,173 | 1,317,253 | 1,309,543 | 1,351,966 | 1,375,122 | 1,363,815 | 1,340,268 | 1,378,402 |
| Contributions in relation to the contractually required contribution | 1,122,711 | 1,168,995 | 1,228,173 | 1,317,253 | 1,309,543 | 1,351,966 | 1,375,122 | 1,363,815 | 1,340,268 | 1,378,402 |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Center's covered payroll | $8,019,362 | $8,349,964 | $8,772,664 | $9,408,950 | $9,353,879 | $9,656,900 | $9,822,300 | $9,741,536 | $9,573,343 | $9,845,729 |
| Contributions as a percentage of covered payroll - pension | 13.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| Contributions as a percentage of covered payroll - OPEB | 1.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Contributions as a percentage of covered payroll - total | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |
| *School Employees Retirement System* | | | | | | | | | | |
| Contractually required contribution - pension | $236,707 | $236,739 | $309,851 | $260,650 | $227,917 | $251,310 | $285,822 | $268,818 | $272,938 | $293,726 |
| Contractually required contribution - OPEB (1) | 2,391 | 14,729 | 0 | 0 | 8,441 | 9,308 | 0 | 0 | 0 | 0 |
| Contractually required contribution - total | 239,098 | 251,468 | 309,851 | 260,650 | 236,358 | 260,618 | 285,822 | 268,818 | 272,938 | 293,726 |
| Contributions in relation to the contractually required contribution | 239,098 | 251,468 | 309,851 | 260,650 | 236,358 | 260,618 | 285,822 | 268,818 | 272,938 | 293,726 |
| Contribution deficiency (excess) | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Center's covered payroll | $1,707,843 | $1,796,199 | $2,213,221 | $1,861,786 | $1,688,274 | $1,861,556 | $2,041,586 | $1,920,129 | $1,949,557 | $2,098,043 |
| Contributions as a percentage of covered payroll - pension | 13.86% | 13.18% | 14.00% | 14.00% | 13.50% | 13.50% | 14.00% | 14.00% | 14.00% | 14.00% |
| Contributions as a percentage of covered payroll - OPEB | 0.14% | 0.82% | 0.00% | 0.00% | 0.50% | 0.50% | 0.00% | 0.00% | 0.00% | 0.00% |
| Contributions as a percentage of covered payroll - total | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% |

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

## State Teachers Retirement System

### Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2023.

Changes in assumptions

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

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

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

### OPEB

Changes in benefit terms

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

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

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

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

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

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

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, 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.

There were no changes to benefit terms for fiscal year 2023.

<u>Changes in assumptions</u>

There were no changes in assumptions for fiscal year 2017.

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

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

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

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.

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

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

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

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
    - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
    - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
    - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
    - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

## School Employees Retirement System

### Pension

Changes in benefit terms

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

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

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

Changes in assumptions

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

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
    - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
    - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
    - 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.

There were no changes in assumptions for fiscal year 2023.

**OPEB**

<u>Changes in benefit terms</u>

There were no changes to benefit terms for fiscal years 2017 through 2023.

<u>Changes in assumptions</u>

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

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
    - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates,set back five years is used for the period after disability retirement.

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

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

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

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:

    - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
    - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

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

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:

    - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
    - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
    - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
    - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
    - PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females.
- Mortality among disabled members was updated to the following:
    - 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.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

**Pickaway-Ross Career & Technology Center**
*Schedule of Federal Awards Expenditures*
*For the Fiscal Year Ended June 30, 2023*

| Federal Grantor/Pass Through Grantor/Program Title | Pass Through Entity Number | Federal Assistance Listing Number | Federal Awards Expenditures |
|---|---|---|---|
| **United States Department of Agriculture** | | | |
| *Passed through the Ohio Department of Education* | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | N/A | 10.553 | $56,996 |
| National School Lunch Program | N/A | 10.555 | 131,028 |
| COVID-19 National School Lunch Program | N/A | 10.555 | 36,444 |
| National School Lunch Program-non-cash assistance | N/A | 10.555 | 22,426 |
| Total Child Nutrition Cluster | | | 246,894 |
| COVID-19 Pandemic EBT | N/A | 10.649 | 628 |
| **Total United States Department of Agriculture** | | | **247,522** |
| **United States Department of Education** | | | |
| *Direct from the Federal Agency* | | | |
| Student Financial Aid Cluster: | | | |
| Federal Direct Student Loans | N | 84.268 | 500,759 |
| Federal Pell Grant Program | N | 84.063 | 312,743 |
| Total Student Financial Aid Cluster | | | 813,502 |
| Education Stabilization Fund | | | |
| COVID-19 Higher Education Emergency Relief for Students | N | 84.425E | 3,556 |
| COVID-19 Higher Education Emergency Relief for Institutions | N | 84.425F | 379,615 |
| *Passed through the Ohio Department of Education* | | | |
| COVID-19 Governors Emergency Education Relief Fund | N/A | 84.425C | 256,262 |
| COVID-19 RemotEDx Industry Recognized Credentials | N/A | 84.425D | 6,429 |
| COVID-19 ARP Homeless Targeted Support | N/A | 84.425W | 989 |
| Total Education Stabilization Fund | | | 646,851 |
| *Passed through the Ohio Department of Education* | | | |
| Career and Technical Education-Basic Grants to States | N/A | 84.048 | 545,458 |
| Adult Education-Basic Grants to States | N/A | 84.002 | 156,083 |
| **Total United States Department of Education** | | | **2,161,894** |
| **United States Department of Labor** | | | |
| *Passed through Ohio Department of Jobs and Family Services* | | | |
| WIOA Cluster: | | | |
| WIOA Youth Activities | N/A | 17.259 | 174,882 |
| Total WIOA Cluster | | | 174,882 |
| **Total United States Department of Labor** | | | **174,882** |
| **United States Department of Health and Human Services** | | | |
| *Passed through Ohio Department of Jobs and Family Services* | | | |
| Temporary Assistance for Needy Families CCMEP | N/A | 93.558 | 113,791 |
| **Total United States Department of Health and Human Services** | | | **113,791** |
| **Total Federal Financial Assistance** | | | **$2,698,089** |

N - direct award.
N/A - not applicable

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

**Note 1 – Basis of Presentation**

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

**Note 2 – Summary of Significant Accounting Policies**

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

**Note 3 – Food Donation Program**

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

**Note 4 – Child Nutrition Cluster**

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

**Note 5 – Federal Direct Student Loans**

The Center participates in the Federal Direct Student Loan Program. The dollar amounts listed in the schedule of federal awards expenditures represents new loans advanced during the fiscal year ended June 30, 2023. The Center is a direct lender for these loan funds; however, they are not responsible for collecting these loans in future periods.

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Pickaway-Ross Career and Technology Center, Ross County, (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated January 19, 2024, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Center.

**Report on Internal Control Over Financial Reporting**

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

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

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

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**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 19, 2024

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

Independent Auditor's Report

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Pickaway-Ross Career and Technology Center's, Ross County, (the Center) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2023. The Center's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Center's major federal program for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 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 Center's federal programs.

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***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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Center's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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.

Millhuff-Stang, CPA, Inc.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

January 19, 2024

## Section I – Summary of Auditor's Results

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

## Section II – Financial Statement Findings

None

## Section III – Federal Award Findings and Questioned Costs

None

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OHIO AUDITOR OF STATE
KEITH FABER

**PICKAWAY-ROSS CAREER & TECHNOLOGY CENTER**

**ROSS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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

**Certified for Release 3/28/2024**

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