



**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY  
LICKING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2020**



**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY  
 LICKING COUNTY  
 JUNE 30, 2020**

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**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY  
 LICKING COUNTY  
 JUNE 30, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Career and Technology Education Centers of Licking County  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

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

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

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of C-TEC, as of June 30, 2020, and the respective changes in financial position thereof and the respective comparisons for the General and Adult Education funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

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

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

Our audit was conducted to opine on C-TEC's basic financial statements taken as a whole.

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020, on our consideration of C-TEC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering C-TEC's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 15, 2020

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## **Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited*

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The discussion and analysis of the Career and Technology Education Centers of Licking County's (C-TEC) financial performance provides an overall review of C-TEC's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at C-TEC's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of C-TEC's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- Net position of governmental activities increased \$3,519,646.
- General revenues accounted for \$17,905,629 or 80 percent of total revenues of \$22,463,018. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$4,557,389, or 20 percent of total revenues.
- C-TEC had \$18,943,372 in expenses related to governmental activities; only \$4,557,389 of these expenses was offset by program specific charges for services, grants, and contributions. General revenues of \$17,905,629 were adequate to provide for these activities.

### **Using this Annual Financial Report**

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

The Statement of Net Position and Statement of Activities provide information about the activities of C-TEC as a whole, presenting both an aggregate view of C-TEC's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at C-TEC's most significant funds with all other non-major funds presented in total in one column.

### ***Reporting C-TEC as a Whole***

#### **Statement of Net Position and Statement of Activities**

While this document contains information about the large number of funds used by C-TEC to provide programs and activities for students, the view of C-TEC as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

## **Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited*

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

In the Statement of Net Position and the Statement of Activities, all of C-TEC's activities are reported as governmental including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.

### ***Reporting C-TEC's Most Significant Funds***

#### *Fund Financial Statements*

The analysis of C-TEC's major funds begins on page 11. Fund financial reports provide detailed information about C-TEC's major funds. C-TEC uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on C-TEC's most significant funds. C-TEC's major governmental funds are the General Fund, Adult Education Special Revenue Fund, Bond Retirement Debt Service Fund, and Permanent Improvement Fund.

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

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

### **C-TEC as a Whole**

Recall that the Statement of Net Position provides the perspective of C-TEC as a whole. Table 1 provides a summary of C-TEC's net position for 2020 compared to 2019.

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2020*

*Unaudited*

**Table 1**  
**Net Position**

	Governmental Activities		
	2020	2019	Change
<b>Assets</b>			
Current and Other Assets	\$32,209,268	\$33,520,984	(\$1,311,716)
Net OPEB Asset	968,251	913,022	55,229
Capital Assets	33,068,791	31,976,897	1,091,894
<i>Total Assets</i>	<u>66,246,310</u>	<u>66,410,903</u>	<u>(164,593)</u>
<b>Deferred Outflows of Resources</b>			
Pension	3,394,653	4,516,865	(1,122,212)
OPEB	325,365	240,117	85,248
<i>Total Deferred Outflows of Resources</i>	<u>3,720,018</u>	<u>4,756,982</u>	<u>(1,036,964)</u>
<b>Liabilities</b>			
Current and Other Liabilities	1,399,934	1,425,534	(25,600)
Long-Term Liabilities:			
Due Within One Year	2,243,872	2,308,836	(64,964)
Net Pension Liability	16,536,943	16,170,654	366,289
Net OPEB Liability	1,414,275	1,668,377	(254,102)
Other Amounts Due in More Than One Year	8,850,980	14,065,316	(5,214,336)
<i>Total Liabilities</i>	<u>30,446,004</u>	<u>35,638,717</u>	<u>(5,192,713)</u>
<b>Deferred Inflows of Resources</b>			
Deferred Charge on Refunding	7,029	9,037	(2,008)
Property Taxes/Payment in Lieu of Taxes	10,243,065	9,665,612	577,453
Pension	978,812	1,165,003	(186,191)
OPEB	1,723,262	1,641,006	82,256
<i>Total Deferred Inflows of Resources</i>	<u>12,952,168</u>	<u>12,480,658</u>	<u>471,510</u>
<b>Net Position</b>			
Net Investment in Capital Assets	22,782,310	16,835,323	5,946,987
Restricted	2,965,258	2,424,803	540,455
Unrestricted	820,588	3,788,384	(2,967,796)
<b>Total Net Position</b>	<u>\$26,568,156</u>	<u>\$23,048,510</u>	<u>\$3,519,646</u>

The net pension liability (NPL) is the largest single liability reported by C-TEC at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, C-TEC is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2020*

*Unaudited*

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

Overall current and other assets decreased in the amount of \$1,311,716. The decrease is mainly due to a decrease in cash and cash equivalents in the amount of \$1,327,211. The decrease in cash and cash equivalents is primarily due to C-TEC spending money out of the Permanent Improvement Fund for various improvement projects. Other cash balances of C-TEC remained fairly consistent. C-TEC is still following guidelines for spending that were developed in fiscal year 2010 when a reduction in force was implemented. The State continued to fund Career Centers at the same level as fiscal year 2011 for fiscal years 2012 and 2013, at fiscal year 2013 funding levels for fiscal years 2014 and 2015, and at fiscal year 2015 funding levels for fiscal years 2016-2020. This stable level of State funding and the reduction in force implemented by C-TEC has allowed cash and cash equivalents to increase each year for fiscal years 2012 through 2019. The decrease in cash balances for fiscal year 2020 were attributed to renovation projects and C-TEC choosing to pay in full the 2010 bond series through optional redemption for bonds maturing after December 1, 2019.

The \$1,091,894 increase in capital assets is primarily due to current year additions exceeding current year depreciation in the amount of \$1,106,017. During fiscal year 2020, C-TEC purchased two vans, purchased and installed two chillers, improved building access and security, and paved the parking lot.

Current and other liabilities remained fairly consistent with a minor decrease in the amount of \$25,600 from fiscal year 2019 to fiscal year 2020. The long-term liabilities due within one year decreased \$64,964 for fiscal year 2020 and other amounts due in more than one year decreased \$5,214,336. These decreases in long-term liabilities were due to current year principal payments and due to C-TEC paying the full amount of the outstanding 2010 Various Purpose 2010B Series Facilities Bonds and Judgement Bonds. The optional redemption clause became effective for the bonds maturing after December 1, 2019, and C-TEC took a conservative approach and paid the bonds in full. Money was transferred from the General Fund to the Bond Retirement Debt Service Fund to pay these bonds off. Compensated absences reflected an increase of \$29,208 in fiscal year 2020. See Note 14 for additional information concerning long-term liabilities.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2020, and comparisons to fiscal year 2019.

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2020*

*Unaudited*

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2020	2019	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$2,532,188	\$3,878,837	(\$1,346,649)
Operating Grants, Contributions and Interest	2,025,201	2,005,866	19,335
Capital Grants and Contributions	0	83,977	(83,977)
<i>Total Program Revenues</i>	<u>4,557,389</u>	<u>5,968,680</u>	<u>(1,411,291)</u>
General Revenues:			
Property Taxes	10,766,707	9,333,365	1,433,342
Gain on Sale of Capital Assets	7,015	13,570	(6,555)
Payment in Lieu of Taxes	211,527	74,825	136,702
Grants and Entitlements	6,151,105	5,735,922	415,183
Investment Earnings	733,904	734,857	(953)
Miscellaneous	35,371	30,173	5,198
<i>Total General Revenues</i>	<u>17,905,629</u>	<u>15,922,712</u>	<u>1,982,917</u>
<i>Total Revenues</i>	<u>22,463,018</u>	<u>21,891,392</u>	<u>571,626</u>
<b>Program Expenses</b>			
Instruction:			
Regular	361,089	375,561	(14,472)
Special	761,750	578,415	183,335
Vocational	7,003,556	5,522,158	1,481,398
Adult/Continuing	3,047,446	2,732,823	314,623
Support Services:			
Pupils	828,503	701,787	126,716
Instructional Staff	1,511,750	1,334,622	177,128
Board of Education	24,846	26,583	(1,737)
Administration	1,276,632	1,005,458	271,174
Fiscal	495,327	454,639	40,688
Business	331,871	348,815	(16,944)
Operation and Maintenance of Plant	2,116,124	2,000,964	115,160
Pupil Transportation	1,305	1,815	(510)
Central	402,419	286,150	116,269
Operation of Non-Instructional Services:			
Food Service Operations	227,065	223,219	3,846
Other Non-Instructional Services	44,741	48,376	(3,635)
Extracurricular Activities	79,440	78,419	1,021
Interest and Fiscal Charges	429,508	552,404	(122,896)
<i>Total Expenses</i>	<u>18,943,372</u>	<u>16,272,208</u>	<u>2,671,164</u>
<i>Change in Net Position</i>	<u>3,519,646</u>	<u>5,619,184</u>	<u>(2,099,538)</u>
<i>Net Position Beginning of Year</i>	<u>23,048,510</u>	<u>17,429,326</u>	<u>5,619,184</u>
<b>Net Position End of Year</b>	<u>\$26,568,156</u>	<u>\$23,048,510</u>	<u>\$3,519,646</u>

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited*

C-TEC's net position increased \$3,519,646. Revenues increased in the amount of \$571,626 during fiscal year 2020 when compared to fiscal year 2019. Property taxes revenue increased during fiscal year 2020 due to increases in the assessed valuations. C-TEC's delinquent taxes and the amount available as an advance remained fairly consistent from fiscal year 2019 to fiscal year 2020. Charges for services decreased in the amount of \$1,346,649. This decrease in charges for services is the result of higher adult education enrollment in fiscal year 2019 compared to fiscal year 2020 and due to the March 2020 COVID-19 pandemic which limited the number of classes provided in the spring and summer of 2020. C-TEC forgave outstanding balances of secondary education students during fiscal year 2020 due to the COVID-19 pandemic and also reimbursed adult education students that withdrew from spring and summer classes due to the pandemic. Program expenses increased in the amount of \$2,671,164. This increase in expenses was mainly in vocational instruction and was due to an increase in pension expenses related to the net pension liability.

Instructional programs comprise approximately 59 percent of total governmental program expenses. Of the instructional expenses, approximately 3 percent is for regular instruction, 7 percent for special instruction, 63 percent for vocational instruction, and 27 percent for adult/continuing instruction. Support services comprise approximately 37 percent of total governmental program expenses.

The Statement of Activities shows the cost of program services and the charges for services, grants, and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

**Table 3  
Governmental Activities**

	2020 Total Cost of Services	2020 Net Cost of Services	2019 Total Cost of Services	2019 Net Cost of Services
<b>Program Expenses</b>				
Instruction:				
Regular	\$361,089	\$243,323	\$375,561	\$256,549
Special	761,750	761,750	578,415	183,730
Vocational	7,003,556	6,630,872	5,522,158	5,112,049
Adult/Continuing	3,047,446	495,873	2,732,823	(784,172)
Support Services:				
Pupils	828,503	509,209	701,787	455,590
Instructional Staff	1,511,750	1,229,928	1,334,622	983,728
Board of Education	24,846	24,846	26,583	26,583
Administration	1,276,632	1,063,901	1,005,458	827,866
Fiscal	495,327	495,327	454,639	454,639
Business	331,871	46,253	348,815	66,888
Operation and Maintenance of Plant	2,116,124	2,107,444	2,000,964	1,985,137
Pupil Transportation	1,305	1,305	1,815	1,815
Central	402,419	202,765	286,150	74,052
Operation of Non-Instructional Services:				
Food Service Operations	227,065	24,562	223,219	(4,729)
Other Non-Instructional Services	44,741	44,741	48,376	48,376
Extracurricular Activities	79,440	74,376	78,419	63,023
Interest and Fiscal Charges	429,508	429,508	552,404	552,404
<b>Totals</b>	<u>\$18,943,372</u>	<u>\$14,385,983</u>	<u>\$16,272,208</u>	<u>\$10,303,528</u>

## **Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited*

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The dependence upon tax revenues and state subsidies for governmental activities is apparent. For 2020, only 24 percent of the governmental activities performed by C-TEC are supported through program revenues such as charges for services, grants, and contributions. The remaining 76 percent is provided through taxes and entitlements.

### **C-TEC Funds**

C-TEC's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$22,657,864, expenditures of \$24,309,136, and other financing sources (uses) of \$21,138.

#### ***General Fund***

The fund balance of the General Fund at June 30, 2020 is \$16,902,845, a decrease of \$283,176 from fiscal year 2019. During fiscal year 2020, revenues increased in the amount of \$1,230,977 which was mainly due to an increase in property tax revenues due to an increase in assessed valuations. Delinquent taxes and the amount available as an advance remained fairly consistent from fiscal year 2019 to fiscal year 2020. The State has continued to provide stable funding levels over the years since fiscal year 2011. The savings from the reduction in force beginning in fiscal year 2011 and the continued level of State funding have resulted in continual increases in the General Fund's fund balance since fiscal year 2010. During fiscal year 2020, the General Fund transferred \$1,000,000 to the Permanent Improvement Fund for improvements and \$3,277,115 to the Bond Retirement Debt Service Fund for the retirement of the Various Purpose 2010B Series Facilities Bonds and the 2010 Judgement Bonds when the bonds optional redemption clause became effective during fiscal year 2020.

#### ***Other Governmental Major Funds***

##### ***Adult Education Fund***

The fund balance of the Adult Education Special Revenue Fund at June 30, 2020, is \$1,038,865, an increase of \$32,481 from the prior year. Revenues and expenses both saw a decrease during fiscal year 2020 compared to fiscal year 2019. In 2019, the adult education program saw an increase in class enrollment. During fiscal year 2020, the COVID-19 pandemic caused a decrease in classes offered and a decrease in student enrollment for the months of March through June of 2020.

##### ***Bond Retirement Fund***

The fund balance of the Bond Retirement Debt Service Fund at June 30, 2020, is \$1,464,810, an increase of \$100,034 from the prior year. This increase is due to an increase in property tax revenues. During fiscal year 2020, the General Fund transferred \$3,277,115 to the Bond Retirement Fund so that C-TEC could retire the Various Purpose 2010B Series Facilities Bonds and the 2010 Judgement Bonds when the bonds became eligible for optional redemption during fiscal year 2020.

##### ***Permanent Improvement Fund***

The fund balance of the Permanent Improvement Fund at June 30, 2020, is \$601,233, a decrease of \$1,514,100 from the prior year. This decrease was due to C-TEC replacing two chillers, remodeling restrooms, replacing flooring, improving building access and security, and paving the parking lot. During fiscal year 2020, the General Fund transferred \$1,000,000 to the Permanent Improvement Fund to help with the improvements.

**Career and Technology Education Centers of Licking County, Ohio**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
Unaudited*

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**General Fund Budgeting Highlights**

C-TEC's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2020, C-TEC's original appropriations were increased by \$2,841,055 for a final appropriations total of \$16,789,386. The increase in appropriations were mainly due to the increase in transfers out in the amount of \$3,201,678. Transfers out were increased due to C-TEC choosing to retire the Various Purpose 2010B Series Facilities Bonds and the 2010 Judgement Bonds when the bonds became eligible for optional redemption during fiscal year 2020. Final appropriations exceeded actual expenditures and other financing uses by \$542,952. C-TEC received \$17,348 more in revenues, excluding other financing sources, than what was expected during fiscal year 2020. Actual revenue, excluding other financing sources, was \$15,739,146 compared to final estimates of \$15,721,798. C-TEC's ending General Fund budgetary balance was \$16,316,980.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, C-TEC had \$33,068,791 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to 2019. See Note 9 for additional information regarding capital assets.

**Table 4  
Capital Assets at June 30  
(Net of Depreciation)**

	Government Activities	
	2020	2019
Land	\$107,951	\$107,951
Construction in Progress	53,063	198,630
Land Improvements	421,677	9,053
Buildings and Improvements	27,973,558	28,912,865
Furniture and Equipment	4,327,037	2,586,779
Vehicles	185,505	161,619
<b>Totals</b>	<b>\$33,068,791</b>	<b>\$31,976,897</b>

**Debt**

At June 30, 2020, C-TEC had \$10,265,795 in bonded debt outstanding (including premiums), with \$2,225,000 being due within one year.

**Table 5  
Outstanding Debt at June 30**

	Government Activities	
	2020	2019
School Facilities Improvement Refunding Bonds	\$7,392,586	\$9,508,448
Various Purpose and Judgement Bonds	0	3,183,157
School Facilities Construction and Improvement Refunding Bonds	2,873,209	2,882,698
<b>Totals</b>	<b>\$10,265,795</b>	<b>\$15,574,303</b>



## **Career and Technology Education Centers of Licking County, Ohio**

### *Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2020 Unaudited*

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See Note 14 for more detailed information of C-TEC's debt. The net pension liability under GASB 68 and the net OPEB liability under GASB 75 are also reported as long-term obligations that have been previously disclosed within the management's discussion and analysis.

#### **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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of C-TEC. C-TEC's investment portfolio and the investments of the pension and other employee benefit plans in which C-TEC participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on C-TEC's future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated.

#### **Economic Factors**

Fiscal year 2020 is the first year since fiscal year 2009 that C-TEC spent more than it received in revenue in the General Fund. The reason behind expenditures exceeding revenues was due to C-TEC choosing to retire the Various Purpose 2010B Series Facilities Bonds and the 2010 Judgement Bonds when they became eligible for optional redemption during fiscal year 2020. The General Fund transferred \$3,277,115 to the Bond Retirement Debt Service Fund in order to retire the 2010 bonds. Even with paying off the 2010 bonds, C-TEC's General Fund balance at June 30, 2020, was \$16.9 million. Financial forecasts submitted to the State of Ohio Department of Education in fiscal year 2020 show the General Fund balance growing for the next several years. Licking County is currently going through a triennial update and these updated figures are for tax year 2020 and collectible in calendar year 2021.

Even with the United States still facing the COVID-19 pandemic, C-TEC remains in a strong financial position and continues to be good stewards of taxpayer dollars it receives.

#### **Contacting C-TEC's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of C-TEC's finances and to show C-TEC's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Benjamin R. Streby, Treasurer/CFO at Career and Technology Education Centers of Licking County, 150 Price Road, Newark, Ohio 43055. You may also e-mail the Treasurer/CFO at [bstreby@c-tec.edu](mailto:bstreby@c-tec.edu).

**Career and Technology Education Centers of Licking County, Ohio**

*Statement of Net Position*

*June 30, 2020*

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$19,900,334
Cash and Cash Equivalents in Segregated Accounts	29,866
Accounts Receivable	476,607
Intergovernmental Receivable	393,077
Prepaid Items	73,713
Accrued Interest Receivable	37,555
Inventory Held for Resale	4,785
Materials and Supplies Inventory	3,597
Payment in Lieu of Taxes Receivable	150,962
Property Taxes Receivable	11,138,772
Net OPEB Asset	968,251
Nondepreciable Capital Assets	161,014
Depreciable Capital Assets, Net	32,907,777
<i>Total Assets</i>	<u>66,246,310</u>
<b>Deferred Outflows of Resources</b>	
Pension	3,394,653
OPEB	325,365
<i>Total Deferred Outflows of Resources</i>	<u>3,720,018</u>
<b>Liabilities</b>	
Accounts Payable	95,132
Accrued Wages and Benefits	801,062
Accrued Interest Payable	29,970
Intergovernmental Payable	263,006
Vacation Benefit Payable	210,764
Long-Term Liabilities:	
Due Within One Year	2,243,872
Due In More Than One Year:	
Net Pension Liability	16,536,943
Net OPEB Liability	1,414,275
Other Amounts Due in More Than One Year	8,850,980
<i>Total Liabilities</i>	<u>30,446,004</u>
<b>Deferred Inflows of Resources</b>	
Deferred Charge on Refunding	7,029
Property Taxes	10,092,103
Payment in Lieu of Taxes	150,962
Pension	978,812
OPEB	1,723,262
<i>Total Deferred Inflows of Resources</i>	<u>12,952,168</u>
<b>Net Position</b>	
Net Investment in Capital Assets	22,782,310
Restricted for:	
Debt Service	1,487,584
Adult Education	1,244,745
Food Service Operations	157,149
State and Federal Grants	40,079
District Managed Activities	28,159
Unclaimed Monies	7,542
Unrestricted	820,588
<i>Total Net Position</i>	<u>\$26,568,156</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2020*

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$361,089	\$0	\$117,766	(\$243,323)
Special	761,750	0	0	(761,750)
Vocational	7,003,556	369,816	2,868	(6,630,872)
Adult/Continuing	3,047,446	1,622,814	928,759	(495,873)
Support Services:				
Pupils	828,503	5,632	313,662	(509,209)
Instructional Staff	1,511,750	171,187	110,635	(1,229,928)
Board of Education	24,846	0	0	(24,846)
Administration	1,276,632	151,611	61,120	(1,063,901)
Fiscal	495,327	0	0	(495,327)
Business	331,871	0	285,618	(46,253)
Operation and Maintenance of Plant	2,116,124	5,405	3,275	(2,107,444)
Pupil Transportation	1,305	0	0	(1,305)
Central	402,419	73,713	125,941	(202,765)
Operation of Non-Instructional Services:				
Food Service Operations	227,065	126,946	75,557	(24,562)
Other Non-Instructional Services	44,741	0	0	(44,741)
Extracurricular Activities	79,440	5,064	0	(74,376)
Interest and Fiscal Charges	429,508	0	0	(429,508)
<b>Totals</b>	<b>\$18,943,372</b>	<b>\$2,532,188</b>	<b>\$2,025,201</b>	<b>(14,385,983)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	8,444,478
Debt Service	2,322,229
Gain on Sale of Capital Assets	7,015
Payment in Lieu of Taxes	211,527
Grants and Entitlements not Restricted	6,151,105
Investment Earnings	733,904
Miscellaneous	35,371

*Total General Revenues* 17,905,629

*Change in Net Position* 3,519,646

*Net Position Beginning of Year* 23,048,510

*Net Position End of Year* \$26,568,156

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**

*Balance Sheet  
Governmental Funds  
June 30, 2020*

	General	Adult Education	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$17,038,473	\$776,537	\$1,291,794	\$600,777	\$185,211	\$19,892,792
Cash and Cash Equivalents in Segregated Accounts	29,866	0	0	0	0	29,866
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	7,542	0	0	0	0	7,542
Accounts Receivable	13,226	463,381	0	0	0	476,607
Interfund Receivable	73,352	2,164	0	0	640	76,156
Intergovernmental Receivable	38,266	204,475	0	0	150,336	393,077
Accrued Interest Receivable	36,603	0	0	952	0	37,555
Prepaid Items	58,619	13,361	0	0	1,733	73,713
Inventory Held for Resale	0	0	0	0	4,785	4,785
Materials and Supplies Inventory	2,532	0	0	0	1,065	3,597
Property Taxes Receivable	8,736,282	0	2,402,490	0	0	11,138,772
Payment in Lieu of Taxes Receivable	150,770	0	192	0	0	150,962
<i>Total Assets</i>	<u>\$26,185,531</u>	<u>\$1,459,918</u>	<u>\$3,694,476</u>	<u>\$601,729</u>	<u>\$343,770</u>	<u>\$32,285,424</u>
<b>Liabilities</b>						
Accounts Payable	\$54,555	\$32,437	\$0	\$0	\$8,140	\$95,132
Accrued Wages and Benefits	724,915	53,261	0	0	22,886	801,062
Interfund Payable	0	640	0	0	75,516	76,156
Intergovernmental Payable	208,317	42,186	0	0	12,503	263,006
<i>Total Liabilities</i>	<u>987,787</u>	<u>128,524</u>	<u>0</u>	<u>0</u>	<u>119,045</u>	<u>1,235,356</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	7,915,373	0	2,176,730	0	0	10,092,103
Payment in Lieu of Taxes	150,770	0	192	0	0	150,962
Unavailable Revenue	228,756	292,529	52,744	496	37,389	611,914
<i>Total Deferred Inflows of Resources</i>	<u>8,294,899</u>	<u>292,529</u>	<u>2,229,666</u>	<u>496</u>	<u>37,389</u>	<u>10,854,979</u>
<b>Fund Balances</b>						
Nonspendable	68,693	13,361	0	0	2,798	84,852
Restricted	0	1,025,504	1,464,810	0	185,200	2,675,514
Committed	7,294	0	0	601,233	3,586	612,113
Assigned	410,871	0	0	0	0	410,871
Unassigned (Deficit)	16,415,987	0	0	0	(4,248)	16,411,739
<i>Total Fund Balances</i>	<u>16,902,845</u>	<u>1,038,865</u>	<u>1,464,810</u>	<u>601,233</u>	<u>187,336</u>	<u>20,195,089</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$26,185,531</u>	<u>\$1,459,918</u>	<u>\$3,694,476</u>	<u>\$601,729</u>	<u>\$343,770</u>	<u>\$32,285,424</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**  
*Reconciliation of Total Governmental Funds Balances to  
 Net Position of Governmental Activities  
 June 30, 2020*

<b>Total Governmental Fund Balances</b>		\$20,195,089
<i>Amounts reported for governmental activities in the statement of net position are different because of the following:</i>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		33,068,791
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources - unavailable revenue in the funds:		
Delinquent Property Taxes	244,497	
Interest	19,569	
Tuition and Fees	296,043	
Intergovernmental Revenues	51,805	611,914
Vacation Benefits Payable is recognized for earned vacation benefits that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(210,764)
Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.		(29,970)
Deferred inflows of resources represent deferred charge on refunding which is not reported in the funds.		(7,029)
Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:		
Current Interest Serial Refunding Bonds Payable	(7,225,000)	
Premium on Current Interest Serial Refunding Bonds	(167,586)	
Refunding Serial Bonds Payable	(2,840,000)	
Premium on Refunding Serial Bonds	(33,209)	
Compensated Absences	(829,057)	(11,094,852)
The net pension/OPEB liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	968,251	
Deferred Outflows - Pension	3,394,653	
Deferred Outflows - OPEB	325,365	
Net Pension Liability	(16,536,943)	
Net OPEB Liability	(1,414,275)	
Deferred Inflows - Pension	(978,812)	
Deferred Inflows - OPEB	(1,723,262)	(15,965,023)
<i>Net Position of Governmental Activities</i>		<b>\$26,568,156</b>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General	Adult Education	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$8,470,113	\$0	\$2,329,280	\$0	\$0	\$10,799,393
Payment in Lieu of Taxes	211,527	0	0	0	0	211,527
Intergovernmental	6,141,844	843,981	285,618	0	935,893	8,207,336
Interest	724,190	0	3	16,870	0	741,063
Tuition and Fees	326,367	2,130,509	0	0	0	2,456,876
Extracurricular Activities	7,566	0	0	0	5,064	12,630
Rentals	5,405	0	0	0	0	5,405
Charges for Services	59,417	0	0	0	126,946	186,363
Contributions and Donations	0	0	0	0	1,900	1,900
Miscellaneous	34,337	0	0	0	1,034	35,371
<i>Total Revenues</i>	<u>15,980,766</u>	<u>2,974,490</u>	<u>2,614,901</u>	<u>16,870</u>	<u>1,070,837</u>	<u>22,657,864</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	90,942	0	0	0	118,076	209,018
Special	747,079	0	0	0	0	747,079
Vocational	5,976,518	0	0	0	971	5,977,489
Adult/Continuing	2,324	2,733,039	0	0	85,484	2,820,847
Support Services:						
Pupils	472,791	0	0	0	314,285	787,076
Instructional Staff	928,795	190,388	0	0	111,575	1,230,758
Board of Education	19,066	0	0	0	0	19,066
Administration	899,235	163,352	0	0	61,207	1,123,794
Fiscal	436,635	0	0	0	0	436,635
Business	226,554	0	35,369	0	0	261,923
Operation and Maintenance of Plant	1,710,121	0	0	0	3,275	1,713,396
Pupil Transportation	1,305	0	0	0	0	1,305
Central	143,766	81,403	0	0	127,886	353,055
Operation of Non-Instructional Services:						
Food Service Operations	0	0	0	0	215,931	215,931
Other Non-Instructional Services	44,741	0	0	0	0	44,741
Extracurricular Activities	72,920	0	0	0	6,520	79,440
Capital Outlay	0	0	0	2,530,970	0	2,530,970
Debt Service:						
Principal Retirement	0	0	5,215,000	0	0	5,215,000
Interest and Fiscal Charges	0	0	541,613	0	0	541,613
<i>Total Expenditures</i>	<u>11,772,792</u>	<u>3,168,182</u>	<u>5,791,982</u>	<u>2,530,970</u>	<u>1,045,210</u>	<u>24,309,136</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,207,974</u>	<u>(193,692)</u>	<u>(3,177,081)</u>	<u>(2,514,100)</u>	<u>25,627</u>	<u>(1,651,272)</u>
<b>Other Financing Sources (Use)</b>						
Proceeds from Sale of Capital Assets	12,089	49	0	0	9,000	21,138
Transfers In	0	226,124	3,277,115	1,000,000	0	4,503,239
Transfers Out	(4,503,239)	0	0	0	0	(4,503,239)
Total Other Financing Sources (Use)	<u>(4,491,150)</u>	<u>226,173</u>	<u>3,277,115</u>	<u>1,000,000</u>	<u>9,000</u>	<u>21,138</u>
<i>Net Change in Fund Balances</i>	<u>(283,176)</u>	<u>32,481</u>	<u>100,034</u>	<u>(1,514,100)</u>	<u>34,627</u>	<u>(1,630,134)</u>
<i>Fund Balances Beginning of Year</i>	<u>17,186,021</u>	<u>1,006,384</u>	<u>1,364,776</u>	<u>2,115,333</u>	<u>152,709</u>	<u>21,825,223</u>
<i>Fund Balances End of Year</i>	<u>\$16,902,845</u>	<u>\$1,038,865</u>	<u>\$1,464,810</u>	<u>\$601,233</u>	<u>\$187,336</u>	<u>\$20,195,089</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balances - Total Governmental Funds		(\$1,630,134)
<b>Amounts reported for governmental activities in the statement of activities are different because of the following:</b>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	2,418,904	
Depreciation Expense	<u>(1,312,887)</u>	1,106,017
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the result of the disposal of assets.		
Gain on the Sale of Capital Assets	7,015	
Proceeds from Sale of Capital Assets	<u>(21,138)</u>	(14,123)
Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Delinquent Property Taxes	(32,686)	
Interest	(7,159)	
Intergovernmental Revenues	(32,930)	
Tuition and Fees	<u>(129,086)</u>	(201,861)
Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Vacation Benefits Payable	(48,163)	
Sick Leave Benefits Payable	<u>(29,208)</u>	(77,371)
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. The amortization of premiums and discounts are reported on the statement of activities:		
Premium Amortization	93,508	
Accrued Interest Payable	<u>16,589</u>	110,097
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		5,215,000
The difference between the net carrying amount of the refunded debt and the acquisition price is allocated over the life of the outstanding debt on the statement of activities.		
		2,008
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,254,286	
OPEB	<u>13,004</u>	1,267,290
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability (asset) are reported as pension expense in the statement of activities.		
Pension	(2,556,596)	
OPEB	<u>299,319</u>	<u>(2,257,277)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$3,519,646</u></u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*General Fund*

*For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$7,949,136	\$8,578,337	\$8,578,337	\$0
Payment in Lieu of Taxes	200,000	211,527	211,527	0
Intergovernmental	6,000,000	6,162,965	6,162,965	0
Interest	450,876	450,876	471,578	20,702
Tuition and Fees	200,000	237,328	237,328	0
Charges for Services	30,000	30,000	30,000	0
Rent	7,000	8,455	8,455	0
Miscellaneous	30,000	42,310	38,956	(3,354)
<i>Total Revenues</i>	<u>14,867,012</u>	<u>15,721,798</u>	<u>15,739,146</u>	<u>17,348</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	94,368	94,368	88,655	5,713
Special	788,279	788,300	732,468	55,832
Vocational	6,061,402	5,999,517	5,840,933	158,584
Support Services:				
Pupils	563,846	495,483	471,390	24,093
Instructional Staff	981,828	981,803	951,807	29,996
Board of Education	23,761	23,761	19,397	4,364
Administration	976,068	945,628	904,586	41,042
Fiscal	453,735	456,702	438,127	18,575
Business	232,182	243,282	240,865	2,417
Operation and Maintenance of Plant	2,033,237	1,914,108	1,748,837	165,271
Pupil Transportation	2,155	2,279	1,896	383
Central	215,957	117,857	107,862	9,995
Non-Instructional Services	46,046	50,153	49,375	778
Extracurricular Activities	75,467	74,467	73,015	1,452
<i>Total Expenditures</i>	<u>12,548,331</u>	<u>12,187,708</u>	<u>11,669,213</u>	<u>518,495</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,318,681</u>	<u>3,534,090</u>	<u>4,069,933</u>	<u>535,843</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	10,000	11,248	12,089	841
Transfers In	0	24,563	24,563	0
Advances In	0	5,235	5,235	0
Advances Out	0	0	(4,668)	(4,668)
Transfers Out	(1,400,000)	(4,601,678)	(4,572,553)	29,125
<i>Total Other Financing Sources (Uses)</i>	<u>(1,390,000)</u>	<u>(4,560,632)</u>	<u>(4,535,334)</u>	<u>25,298</u>
<i>Net Change in Fund Balance</i>	928,681	(1,026,542)	(465,401)	561,141
<i>Fund Balance Beginning of Year</i>	16,534,050	16,534,050	16,534,050	0
Prior Year Encumbrances Appropriated	248,331	248,331	248,331	0
<i>Fund Balance End of Year</i>	<u>\$17,711,062</u>	<u>\$15,755,839</u>	<u>\$16,316,980</u>	<u>\$561,141</u>

See accompanying notes to the basic financial statements



**Career and Technology Education Centers of Licking County, Ohio**

*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)*

*Adult Education Fund*

*For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$386,550	\$507,767	\$644,540	\$136,773
Tuition and Fees	3,036,314	3,178,033	2,390,837	(787,196)
<i>Total Revenues</i>	<u>3,422,864</u>	<u>3,685,800</u>	<u>3,035,377</u>	<u>(650,423)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Adult/Continuing	3,169,170	3,462,329	2,685,677	776,652
Support Services:				
Instructional Staff	238,297	253,372	191,513	61,859
Administration	160,001	160,001	151,706	8,295
Central	91,931	91,931	83,956	7,975
<i>Total Expenditures</i>	<u>3,659,399</u>	<u>3,967,633</u>	<u>3,112,852</u>	<u>854,781</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(236,535)</u>	<u>(281,833)</u>	<u>(77,475)</u>	<u>204,358</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of Capital Assets	0	0	49	49
Transfers In	292,516	292,516	226,124	(66,392)
<i>Total Other Financing Sources</i>	<u>292,516</u>	<u>292,516</u>	<u>226,173</u>	<u>(66,343)</u>
<i>Net Change in Fund Balance</i>	55,981	10,683	148,698	138,015
<i>Fund Balance Beginning of Year</i>	508,337	508,337	508,337	0
Prior Year Encumbrances Appropriated	59,399	59,399	59,399	0
<i>Fund Balance End of Year</i>	<u>\$623,717</u>	<u>\$578,419</u>	<u>\$716,434</u>	<u>\$138,015</u>

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**

*Statement of Fiduciary Net Position*

*Fiduciary Funds*

*June 30, 2020*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Cash and Cash Equivalents	\$51,534	\$4,046,969
<b>Liabilities</b>		
Due to Students	0	\$84,911
Undistributed Monies	0	3,962,058
<i>Total Liabilities</i>	0	\$4,046,969
<b>Net Position</b>		
Held in Trust for Scholarships	\$51,534	

See accompanying notes to the basic financial statements

**Career and Technology Education Centers of Licking County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Scholarship
<b>Additions</b>	
Interest	\$234
Contributions and Donations	6,000
<i>Total Additions</i>	6,234
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	10,270
<i>Change in Net Position</i>	(4,036)
<i>Net Position Beginning of Year</i>	55,570
<i>Net Position End of Year</i>	\$51,534

See accompanying notes to the basic financial statements

## **Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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### **Note 1 - Description of the Career and Technology Education Centers of Licking County and Reporting Entity**

Career and Technology Education Centers of Licking County (C-TEC) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. C-TEC has ten participating districts spread throughout Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties, which include two city school districts, seven local school districts and one exempted village school district.

C-TEC operates under a seven-member Board of Education and is responsible for the provision of public education to residents of C-TEC. The Board of Education of C-TEC is not directly elected. The Board is made up from members of the elected boards of the participating school districts and the Licking County Educational Service Center. C-TEC is staffed by 105 non-certificated full and part-time employees and 220 certificated full and part-time teaching personnel who provide services to 871 students and other community members. C-TEC currently operates 4 buildings.

#### ***Reporting Entity***

A reporting entity is composed 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 C-TEC consists of all funds, departments, boards, and agencies that are not legally separate from C-TEC. For C-TEC, this includes general operations, student guidance, education media care, upkeep of grounds and buildings, food service, student related activities, and adult education of C-TEC.

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

C-TEC is associated with two jointly governed organizations and two insurance purchasing pools. These organizations are the Licking Area Computer Association, the META Solutions, the Ohio Association of School Business Officials Workers' Compensation Group Rating Program, and the Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program, which are presented in Notes 17 and 18 to the basic financial statements.

C-TEC serves as the fiscal agent for the Licking Area Computer Association, but the organization is not considered a part of C-TEC. Accordingly, the activity of the organization is presented as an agency fund within C-TEC's basic financial statements.

## Career and Technology Education Centers of Licking County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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### **Note 2 - Summary of Significant Accounting Policies**

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

#### ***Basis of Presentation***

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

***Government-Wide Financial Statements*** The statement of net position and the statement of activities display information about C-TEC as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of C-TEC that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). C-TEC has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of C-TEC at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of C-TEC's governmental activities. Direct expenses 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 C-TEC, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of C-TEC.

***Fund Financial Statements*** During the fiscal year, C-TEC segregates transactions related to certain CTEC 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 C-TEC at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

#### ***Fund Accounting***

C-TEC uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and fiduciary.

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

## Career and Technology Education Centers of Licking County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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**General Fund** The General Fund accounts for and reports all financial resources, except those required to be accounted for in another fund. The General Fund is available to C-TEC for any purpose, provided it is expended or transferred according to the general laws of Ohio.

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

**Bond Retirement Fund** The Bond Retirement Debt Service Fund accounts for and reports property tax revenues restricted for the payment of general long-term debt principal, interest, and related costs.

**Permanent Improvement Fund** The Permanent Improvement Fund accounts for and reports funds committed for acquisition, construction, or improvement of capital facilities. This fund receives interest earnings and transfers from the General Fund.

The other governmental funds of C-TEC account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by C-TEC under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support C-TEC's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. C-TEC's fiduciary funds are agency funds and a private purpose trust fund. C-TEC's agency funds are used to account for assets held for PELL grants, the Licking Area Computer Association for which C-TEC serves as fiscal agent, regional culinary competition activities, and student managed activities. C-TEC's private purpose trust fund is established to account for assets that are to be used to provide scholarships to graduating students.

### **Measurement Focus**

**Government-Wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of C-TEC are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

### **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

## Career and Technology Education Centers of Licking County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflow or resources, and in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

***Revenues - Exchange and Nonexchange Transactions*** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 C-TEC, available means expected to be received within sixty days of fiscal year-end.

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For C-TEC, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows or resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For C-TEC, deferred inflows of resources include deferred charge on refunding, property taxes, unavailable revenue, pension, and OPEB plans. Deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For C-TEC, unavailable revenue includes delinquent property taxes, interest earnings, student tuition, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

## **Career and Technology Education Centers of Licking County, Ohio**

### *Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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

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

### ***Pensions/Other Postemployment Benefits (OPEB)***

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

### ***Cash and Cash Equivalents***

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

During fiscal year 2020, C-TEC's investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, commercial paper, money market mutual funds, and federal agency securities.

Except for nonparticipating investment contracts, C-TEC reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and money market accounts are reported at cost. During fiscal year 2020, C-TEC did not invest in nonnegotiable certificates of deposit.

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." C-TEC measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$724,190, which includes \$178,669 assigned from other funds of C-TEC.



**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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“Cash and Cash Equivalents in Segregated Accounts” represents monies held in segregated bank accounts for payroll purposes.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by C-TEC are presented on the financial statements as Equity in Pooled Cash and Cash Equivalents.

***Prepaid Items***

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

***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

***Capital Assets***

All capital assets of C-TEC are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. C-TEC’s capitalization threshold is five thousand dollars. C-TEC does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-30 years
Buildings and Improvements	20-40 years
Furniture and Fixtures	5-20 years
Vehicles	8 years

***Interfund Balances***

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

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that C-TEC will compensate the employees for the benefits through paid time off or some other means. C-TEC records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Vacation balances must be used by employees within the year in which it was earned.

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

***Restricted Assets***

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets cash and cash equivalents in the General Fund represents unclaimed monies.

***Accrued Liabilities and Long-Term Liabilities***

All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds are recognized as a liability on the fund financial statements when due.

***Internal Activity***

Transfers within governmental activities are eliminated on the government-wide statements.

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

## Career and Technology Education Centers of Licking County, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2020

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### ***Fund Balance***

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

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

**Restricted:** The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. 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 or enabling legislation (C-TEC Board of resolutions).

Enabling legislation authorizes C-TEC to assess, levy, charge, or otherwise mandates payment of resources (from external resources providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that C-TEC can be compelled by an external party such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

**Assigned:** Amounts in the assigned fund balance classification are intended to be used by C-TEC 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. These amounts are assigned by C-TEC Board of Education or by State statute. In the general fund, assigned amounts represent intended uses established by policies of C-TEC's Board of Education or a C-TEC official delegated that authority by resolution or by State Statute. State statute authorizes C-TEC's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated

**Unassigned:** The 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 balances.

## **Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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C-TEC 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 the amounts in any of the unrestricted fund balance classifications could be used.

### ***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

C-TEC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

### ***Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

### ***Estimates***

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

### ***Budgetary Process***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget is required under the Ohio Revised Code; however this requirement is waived by the Licking County Budget Commission (Budget Commission). The Budget Commission accepts C-TEC's five year forecast in place of the tax budget. 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 fiscal year if projected increases or decreases in revenue are identified by C-TEC's Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect at the time final appropriations were passed.

## Career and Technology Education Centers of Licking County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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

### ***Bond Premiums***

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. On the governmental fund financial statements, bond premiums are recorded in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

### ***Deferred Charge on Refunding***

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

### **Note 3 - Changes in Accounting Principle**

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. C-TEC evaluated implementing these certain GASB pronouncements based on guidance in GASB 95.

During fiscal year 2020, C-TEC implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in C-TEC's 2020 financial statements; however, there were no effect on beginning net position/fund balance.

### **Note 4 - Accountability**

The Other Grants Special Revenue Fund had a deficit fund balance of \$4,248 as of June 30, 2020. The deficit in the special revenue fund was a result of the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. C-TEC is currently monitoring its financial condition and is taking steps to increase revenues and reduce spending.

### **Note 5 - Budgetary Basis of Accounting**

While C-TEC is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) presented for the General Fund and the Adult Education Special Revenue 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 (modified accrual) basis are as follows:

**Career and Technology Education Centers of Licking County, Ohio**

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*For the Fiscal Year Ended June 30, 2020*

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Cash in segregated accounts, fair market value adjustments, and prepaid items are reported on the balance sheet (GAAP basis) but not on the budgetary basis.
4. Encumbrances are treated as expenditures (budget) rather than committed or assigned fund balance (GAAP).
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Adult Education Fund.

**Net Change in Fund Balances**

	<u>General</u>	Adult <u>Education</u>
GAAP Basis	(\$283,176)	\$32,481
Net Adjustment for Revenue Accruals	99,533	60,887
Net Adjustment for Expenditure Accruals	65,551	111,747
Beginning of Fiscal Year:		
Segregated Accounts	82,732	0
Prepaid Items	53,444	17,047
Negative Cash Advances	(40,331)	0
Fair Value Adjustment for Investments	33,543	0
End of Fiscal Year:		
Segregated Accounts	(29,866)	0
Prepaid Items	(58,619)	(13,361)
Negative Cash Advances	45,433	0
Fair Value Adjustment for Investments	(290,846)	0
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(7,096)	0
Advances In	5,235	0
Advances Out	(4,668)	0
Adjustment for Encumbrances	(136,270)	(60,103)
Budget Basis	<u>(\$465,401)</u>	<u>\$148,698</u>

**Note 6 - Deposits and Investments**

Monies held by C-TEC are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon C-TEC's treasury. Active monies must be maintained either as cash C-TEC's treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

## **Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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

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

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

Interim monies held by C-TEC can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities described in (1) or (2) 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 (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); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. At year end, C-TEC had \$1,300 in undeposited cash on hand which is included in the financial statements of C-TEC as part of "Equity in Pooled Cash and Cash Equivalents."

**Investments** Investments are reported at fair value. As of June 30, 2020, C-TEC had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Moody Ratings</u>	<u>Percentage of Total Investment</u>
Net Asset Value (NAV) Per Share: STAR Ohio	<u>\$8,473,931</u>	Average 42 Days	n/a	43.52%
Fair Value - Level One Input: Money Market Mutual Funds	<u>227,159</u>	Less than one year	n/a	1.17
Fair Value - Level Two Inputs: Federal Home Loan Mortgage Corporation Notes	754,503	Less than five years	Aaa	3.88
Federal Home Loan Bank Notes	318,087	Less than five years	Aaa	1.63
Federal Farm Credit Bank Notes	1,618,973	Less than five years	Aaa	8.31
Commercial Paper	704,711	Less than one year	n/a	3.62
Negotiable Certificates of Deposit	<u>7,373,149</u>	Less than five years	n/a	37.87
Total Fair Value - Level Two Inputs	<u>10,769,423</u>			
Total	<u>\$19,470,513</u>			

C-TEC 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 chart identifies C-TEC's recurring fair value measurements as of June 30, 2020. The money market mutual funds are measured at fair value and is valued using quoted market prices (Level 1 inputs). C-TEC's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).



## Career and Technology Education Centers of Licking County, Ohio

*Notes to the Basic Financial Statements  
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**Interest Rate Risk** C-TEC's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of C-TEC, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** The credit ratings for C-TEC securities are listed above. C-TEC has no deposit policy for custodial risk beyond the requirements of State statute.

**Concentration of Credit Risk** C-TEC places no limit on the amount it may invest in any one issuer.

### **Note 7 - Property Taxes and Tax Abatements**

#### *Property Taxes*

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

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

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

C-TEC receives property taxes from Licking, Delaware, Fairfield, Franklin, Muskingum, and Knox Counties. The County Auditors from each county periodically advances to C-TEC its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources for property taxes.

**Career and Technology Education Centers of Licking County, Ohio**

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The amount available as an advance at June 30, 2020, was \$802,172, \$629,156 was available to the General Fund and \$173,016 was available to the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2019, was \$940,154, \$737,380 was available to the General Fund and \$202,774 was available to the Bond Retirement Debt Service Fund.

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

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$4,342,887,199	93.70%	\$4,436,214,707	92.75%
Public Utility Personal	292,005,930	6.30%	346,539,600	7.25%
	<u>\$4,634,893,129</u>	<u>100.00%</u>	<u>\$4,782,754,307</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$2.55		\$2.55

***Tax Abatements***

C-TEC property taxes were reduced as follows under Community Reinvestment Area agreements and Enterprise Zone agreements entered into by overlapping governments:

<u>Overlapping Government</u>	<u>Amount of Fiscal Year 2020 Taxes Abated</u>
<i>Community Reinvestment Areas:</i>	
Newark City School District area located in Newark City	\$21,749
Lakewood Local School District area located in Village of Hebron	6,147
Lakewood Local School District area located in Union Township	6,172
Heath City School District area located in Heath City	34,305
Southwest Licking Local School District area located in Etna Township	172,577
Licking Heights Local School District area located in the City of Reynoldsburg	5,530
Licking Heights Local School District area located in the City of Pataskala	11
Licking Heights Local School District area located in Jefferson Township	2,174
Johnstown Local School District area located in the Village of Johnstown	1,167
<i>Total Community Reinvestment Areas</i>	<u>249,832</u>
<i>Enterprise Zones:</i>	
Village of Etna	32,561
City of Reynoldsburg	9,317
Union Township	4,340
<i>Total Enterprise Zone Agreements</i>	<u>46,218</u>
<b>Total Tax Abatements</b>	<u><u>\$296,050</u></u>

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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**Note 8 - Receivables**

Receivables at June 30, 2020, consisted of property taxes, accrued interest, interfund, accounts (billings for user charged services, tuition and fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$244,497 as of June 30, 2020.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Adult Education Program	\$106,734
State Foundation Adjustments	22,902
CARES ACT Funding	97,741
Carl Perkins - Secondary Grant	86,081
Carl Perkins - Adult Grant	32,386
Aspire Instructional Grant	29,969
Intergovernmental Agreement	14,889
Miscellaneous	1,900
Motor Fuel Tax Refund	475
Total	<u><u>\$393,077</u></u>

**Payment in Lieu of Taxes** Several entities within C-TEC's district have entered into various Tax Increment Financing Agreements (TIF). The TIF agreements pay a portion of the TIF to the various school districts located in the area; therefore, C-TEC is also entitled to a portion of the earnings. During fiscal year 2020, payments in the amount of \$211,527 was received by C-TEC. As of June 30, 2020, a receivable for \$150,962 has been recorded which represents the payment anticipated for fiscal year 2021.

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**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

**Note 9 - Capital Assets**

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
<b>Nondepreciable Capital Assets</b>				
Land	\$107,951	\$0	\$0	\$107,951
Construction in Progress	198,630	68,247	(213,814)	53,063
Total Capital Assets not being depreciated	<u>306,581</u>	<u>68,247</u>	<u>(213,814)</u>	<u>161,014</u>
<b>Depreciable Capital Assets</b>				
Land Improvements	13,467	435,286	0	448,753
Buildings and Improvements	40,571,014	0	0	40,571,014
Furniture and Equipment	5,535,114	2,073,714	(24,276)	7,584,552
Vehicles	436,722	55,471	(49,725)	442,468
Total at Historical Cost	<u>46,556,317</u>	<u>2,564,471</u>	<u>(74,001)</u>	<u>49,046,787</u>
Less Accumulated Depreciation				
Land Improvements	(4,414)	(22,662)	0	(27,076)
Buildings and Improvements	(11,658,149)	(939,307)	0	(12,597,456)
Furniture and Equipment	(2,948,335)	(321,932)	12,752	(3,257,515)
Vehicles	(275,103)	(28,986)	47,126	(256,963)
Total Accumulated Depreciation	<u>(14,886,001)</u>	<u>(1,312,887)</u>	<u>59,878</u>	<u>(16,139,010)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>31,670,316</u>	<u>1,251,584</u>	<u>(14,123)</u>	<u>32,907,777</u>
Governmental Activities Capital Assets, Net	<u>\$31,976,897</u>	<u>\$1,319,831</u>	<u>(\$227,937)</u>	<u>\$33,068,791</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$141,716
Special	5,200
Vocational	622,273
Adult/ Continuing Education	153,671
Support Services:	
Instructional Staff	229,169
Board of Education	4,641
Administration	4,809
Fiscal	7,114
Business	69,948
Operation and Maintenance of Plant	51,478
Central	21,624
Food Service Operations	1,244
Total Depreciation Expense	<u>\$1,312,887</u>

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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**Note 10 - Risk Management**

C-TEC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2020, C-TEC contracted with Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program (Note 18) for property, fleet, and liability insurance. Coverages provided are as follows:

Building - Replacement Cost (\$5,000 deductible)	\$75,183,952
Employee Dishonesty	1,000,000
Forgery or Alteration	1,000,000
Flood and Surface Water – annual aggregate	1,000,000
Flood Extra Coverage – per occurrence	10,000,000
Earth Movement – per occurrence	25,000,000
Automobile Liability (each occurrence, no annual aggregate)	1,000,000
General Liability – per occurrence	1,000,000
General Liability - aggregate per year	3,000,000
Sexual Abuse – annual aggregate	1,000,000
Sexual Harassment - per occurrence	1,000,000
Sexual Harassment – annual aggregate	3,000,000
School Board Miscellaneous Liability – per occurrence/aggregate	1,000,000
Law Enforcement Liability – per occurrence	1,000,000
Law Enforcement Liability – annual aggregate	3,000,000
Employers' Liability – per occurrence	1,000,000

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

During fiscal year 2020, C-TEC participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (Program), an insurance purchasing pool (Note 18). The intent of the Program is to achieve the benefit of a reduced premium for C-TEC by virtue of its grouping and representation with other participants in the Program. 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 Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Program is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Program.

**Note 11 - Employee Benefits**

***Compensated Absences***

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 240 days per year do not earn vacation time.

## Career and Technology Education Centers of Licking County, Ohio

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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 255 days for all employees. Upon retirement or upon separation after ten years of service, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 60 days for all employees. C-TEC also credits one day for every year of experience beyond ten years with C-TEC.

### ***Insurance Benefits***

Medical and prescription drug insurance is offered to employees through Anthem Blue Cross Blue Shield. Dental insurance coverage is provided through Delta Dental and vision insurance is provided by C-TEC through Blue View Vision. The employees share the cost of the monthly premium with C-TEC, which varies with employees depending on the terms of the union contract. C-TEC provides life insurance and accidental death and dismemberment insurance to all employees through Anthem Life Insurance, in the amount of \$50,000 for all employees.

### **Note 12 - Defined Benefit Pension Plans**

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

#### ***Net Pension Liability/Net OPEB Liability (Asset)***

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

Ohio Revised Code limits C-TEC's obligation for this liability to annually required payments. C-TEC cannot control benefit terms or the manner in which pensions/OPEB are financed; however, C-TEC 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

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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 *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and C-TEC 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

## **Career and Technology Education Centers of Licking County, Ohio**

### *Notes to the Basic Financial Statements*

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ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

C-TEC's contractually required contribution to SERS was \$293,666 for fiscal year 2020. Of this amount, \$2,512 is reported as an intergovernmental payable.

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

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

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

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

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

The DC Plan allows members to place all 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 fifty and after termination of employment.



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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

C-TEC's contractually required contribution to STRS was \$960,620 for fiscal year 2020. Of this amount, \$99,020 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. C-TEC's proportion of the net pension liability was based on C-TEC's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.064210486%	0.05681890%	
Current Measurement Date	<u>0.060313800%</u>	<u>0.05846083%</u>	
Change in Proportionate Share	<u>-0.00389669%</u>	<u>0.00164193%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$3,608,681	\$12,928,262	\$16,536,943
Pension Expense	\$516,155	\$2,040,441	\$2,556,596

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

**Career and Technology Education Centers of Licking County, Ohio**

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$91,509	\$105,258	\$196,767
Changes of assumptions	0	1,518,674	1,518,674
Changes in proportionate Share and difference between C-TEC contributions and proportionate share of contributions	53,121	371,805	424,926
C-TEC contributions subsequent to the measurement date	<u>293,666</u>	<u>960,620</u>	<u>1,254,286</u>
Total Deferred Outflows of Resources	<u><u>\$438,296</u></u>	<u><u>\$2,956,357</u></u>	<u><u>\$3,394,653</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$55,964	\$55,964
Net difference between projected and actual earnings on pension plan investments	46,322	631,863	678,185
Changes in Proportionate Share and Difference between C-TEC contributions and proportionate share of contributions	<u>184,619</u>	<u>60,044</u>	<u>244,663</u>
Total Deferred Inflows of Resources	<u><u>\$230,941</u></u>	<u><u>\$747,871</u></u>	<u><u>\$978,812</u></u>

\$1,254,286 reported as deferred outflows of resources related to pension resulting from C-TEC contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$12,123	\$965,503	\$977,626
2022	(121,622)	181,606	59,984
2023	(3,083)	(30,980)	(34,063)
2024	<u>26,271</u>	<u>131,737</u>	<u>158,008</u>
Total	<u><u>(\$86,311)</u></u>	<u><u>\$1,247,866</u></u>	<u><u>\$1,161,555</u></u>

***Actuarial Assumptions - SERS***

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

## Career and Technology Education Centers of Licking County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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

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

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

The most recent experience study was completed for the five year period ended June 30, 2015. The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

**Career and Technology Education Centers of Licking County, Ohio**

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

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

**Sensitivity of C-TEC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
C-TEC's proportionate share of the net pension liability	\$5,057,051	\$3,608,681	\$2,394,040

**Actuarial Assumptions - STRS**

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

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

**Career and Technology Education Centers of Licking County, Ohio**

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Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. 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 July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

\* Target weights will be phased in over a 24-month period concluding on July1, 2019.

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

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

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

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***Sensitivity of C-TEC's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents C-TEC's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what C-TEC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
C-TEC's proportionate share of the net pension liability	\$18,893,213	\$12,928,262	\$7,878,624

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System / State Teachers Retirement System. As of June 30, 2020, there were three Board of Education members elected Social Security.

**Note 13 - Defined Benefit OPEB Plans**

See Note 12 for a description of the net OPEB liability.

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

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

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

## **Career and Technology Education Centers of Licking County, Ohio**

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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 2020, 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 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, C-TEC's surcharge obligation was \$13,004.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. C-TEC's contractually required contribution to SERS was \$13,004 for fiscal year 2020, all is reported as an intergovernmental payable.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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 fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

### ***OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. C-TEC's proportion of the net OPEB liability (asset) was based on C-TEC'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:

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	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.06013752%	0.05681890%	
Current Measurement Date	<u>0.05623830%</u>	<u>0.05846083%</u>	
 Change in Proportionate Share	 <u>-0.00389922%</u>	 <u>0.00164193%</u>	
			<u>Total</u>
Proportionate Share of the:			
Net OPEB Liability	\$1,414,275	\$0	\$1,414,275
Net OPEB (Asset)	\$0	(\$968,251)	(\$968,251)
OPEB Expense	(\$546)	(\$298,773)	(\$299,319)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$20,760	\$87,779	\$108,539
Changes of assumptions	103,297	20,353	123,650
Net difference between projected and actual earnings on OPEB plan investments	3,395	0	3,395
Changes in proportionate Share and difference between C-TEC contributions and proportionate share of contributions subsequent	61,396	15,381	76,777
C-TEC contributions subsequent to the measurement date	<u>13,004</u>	<u>0</u>	<u>13,004</u>
Total Deferred Outflows of Resources	<u>\$201,852</u>	<u>\$123,513</u>	<u>\$325,365</u>
 <b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$310,707	\$49,261	\$359,968
Changes of assumptions	79,251	1,061,574	1,140,825
Net difference between projected and actual earnings on OPEB plan investments	0	60,813	60,813
Changes in Proportionate Share and Difference between C-TEC contributions and proportionate share of contributions	<u>146,202</u>	<u>15,454</u>	<u>161,656</u>
Total Deferred Inflows of Resources	<u>\$536,160</u>	<u>\$1,187,102</u>	<u>\$1,723,262</u>

\$13,004 reported as deferred outflows of resources related to OPEB resulting from C-TEC contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:



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Fiscal Year Ending June 30:	SERS	STRS	Total
2021	(\$117,884)	(\$233,463)	(\$351,347)
2022	(49,198)	(233,463)	(282,661)
2023	(48,201)	(209,090)	(257,291)
2024	(48,363)	(200,542)	(248,905)
2025	(55,254)	(191,396)	(246,650)
Thereafter	(28,412)	4,365	(24,047)
Total	(\$347,312)	(\$1,063,589)	(\$1,410,901)

***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, 2019, are presented below:

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

## Career and Technology Education Centers of Licking County, Ohio

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

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	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
C-TEC's proportionate share of the net OPEB liability	\$1,716,662	\$1,414,275	\$1,173,842

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
C-TEC's proportionate share of the net OPEB liability	\$1,133,121	\$1,414,275	\$1,787,299

***Actuarial Assumptions – STRS***

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

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

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The

**Career and Technology Education Centers of Licking County, Ohio**

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*For the Fiscal Year Ended June 30, 2020*

Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
C-TEC's proportionate share of the net OPEB asset	(\$826,210)	(\$968,251)	(\$1,087,675)
		<u>Current Trend Rate</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>	
C-TEC's proportionate share of the net OPEB asset	(\$1,097,953)	(\$968,251)	(\$809,399)

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**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

**Note 14 - Long-Term Obligations**

The change in C-TEC's long-term obligations during fiscal year 2020 are as follows:

	Principal Outstanding 6/30/2019	Additions	Deductions	Principal Outstanding 6/30/2020	Due in One Year
Long-Term Bonds:					
School Facilities Improvement Refunding Bonds 2010					
Current Interest Serial Bonds 2.0%-4.0%	\$9,285,000	\$0	\$2,060,000	\$7,225,000	\$2,225,000
Bond Premium on Current Interest Serial Bonds	223,448	0	55,862	167,586	0
Various Purpose Bonds 2010B					
Series Facilities Bonds					
Serial Bonds - 2.0%-4.0%	365,000	0	365,000	0	0
Term Bonds - 4.0%-4.125%	2,305,000	0	2,305,000	0	0
Bond Premium	23,159	0	23,159	0	0
Judgement Bonds					
Serial Bonds - 2.0%-4.0%	70,000	0	70,000	0	0
Term Bonds - 4.0%-4.125%	415,000	0	415,000	0	0
Bond Premium	4,998	0	4,998	0	0
School Facilities Improvement Refunding Bonds 2013					
Serial Bonds 3.125%	2,840,000	0	0	2,840,000	0
Bond Premium	42,698	0	9,489	33,209	0
<b>Total Long-Term Bonds</b>	<b>15,574,303</b>	<b>0</b>	<b>5,308,508</b>	<b>10,265,795</b>	<b>2,225,000</b>
Net Pension Liability:					
SERS	3,677,454	0	68,773	3,608,681	0
STRS	12,493,200	435,062	0	12,928,262	0
<b>Total Net Pension Liability</b>	<b>16,170,654</b>	<b>435,062</b>	<b>68,773</b>	<b>16,536,943</b>	<b>0</b>
Net OPEB Liability - SERS	1,668,377	0	254,102	1,414,275	0
Sick Leave Benefits Payable	799,849	89,844	60,636	829,057	18,872
<b>Total General Long-Term Obligations</b>	<b>\$34,213,183</b>	<b>\$524,906</b>	<b>\$5,692,019</b>	<b>\$29,046,070</b>	<b>\$2,243,872</b>

*2010 School Facilities Improvement Refunding Bonds* – C-Tec had previously issued 2002 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2010 School Facilities Improvement Refunding Bonds. At the date of refunding, \$20,097,673 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2002 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from C-TEC's financial statements. During fiscal year 2013, the refunded 2002 School Facilities Improvement General Obligation Bonds outstanding were called and paid in full and the escrow account was closed on December 1, 2012. This debt will be retired through the Bond Retirement Debt Service Fund using property tax revenues.

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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On May 20, 2010, C-TEC issued \$17,954,991 of School Facilities Improvement Refunding Bonds that were issued to partially refund the 2002 School Facilities Improvement General Obligation Bonds. The bonds were issued for a thirteen year period with a final maturity at December 1, 2022. The \$17,954,991 bond issue consists of current interest serial bonds of \$17,645,000 and \$309,991 in capital appreciation bonds. The \$17,954,991 School Facilities Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$726,214 for the current interest serial bonds and \$1,655,741 for the capital appreciation bonds. The partial advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of \$1,782,333. This difference was reported as deferred outflows of resources – deferred charge on refunding and was amortized to interest expense over the life of the bonds using the straight-line method.

Principal and interest requirements to the 2010 School Facilities Improvement Refunding Bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Current Interest Serial Bonds	
	Principal	Interest
2021	\$2,225,000	\$244,500
2022	2,405,000	151,900
2023	2,595,000	51,900
Total	<u>\$7,225,000</u>	<u>\$448,300</u>

*2013 School Facilities Improvement Refunding Bonds* – C-TEC had previously issued 2002 School Facilities Improvement General Obligation Bonds for school improvements that were partially refunded through the 2013 School Facilities Improvement Refunding Bonds. At the date of refunding, \$2,907,450 was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2002 School Facilities Improvement General Obligation Bonds. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from C-TEC’s financial statements. During fiscal year 2014, the refunded 2002 School Facilities Improvement General Obligation Bonds outstanding were called and paid in full and the escrow account was closed on December 2, 2013. This debt will be retired through the Bond Retirement Debt Service Fund using property tax revenues.

On November 20, 2013, C-TEC issued \$2,840,000 of School Facilities Improvement Refunding Bonds that were issued to partially refund the 2002 School Facilities Improvement General Obligation Bonds. The bonds were issued for a ten year period with a final maturity at December 1, 2023. The \$2,840,000 bond issue consists of serial bonds. The \$2,840,000 School Facilities Improvement Refunding General Obligation Bonds were issued at a premium in the amount of \$94,884. The advance refunding resulted in a difference between the net carrying amount of the debt and the acquisition price, in the amount of (\$20,083). This difference is being reported in the accompanying financial statements as deferred inflows of resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method.

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

Principal and interest requirements to retire the remaining bonds of the 2002 School Facilities Improvement General Obligation Bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2021	\$0	\$88,750
2022	0	88,750
2023	0	88,750
2024	2,840,000	44,375
Total	<u>\$2,840,000</u>	<u>\$310,625</u>

*2010 Various Purpose Bonds* - On June 7, 2010, C-TEC issued \$4,345,000 in Various Purpose Bonds. A portion of the various purpose bonds in the amount of \$3,655,000 in facilities bonds were issued for the purpose of retiring the \$3,400,000 in bond anticipation notes which matured on September 2, 2010. The bond anticipation notes were issued for the purpose of constructing additions to and renovating and improving existing buildings and facilities, including health and safety upgrades and improving access for the disabled. The proceeds from the sale of these bonds were recorded in the Bond Retirement Debt Service Fund. Of the \$3,655,000 facilities bond issuance, \$1,350,000 was serial bonds and \$2,305,000 was term bonds. The \$3,655,000 facilities bonds were issued at a premium of \$40,529. The second portion of the various purpose bonds were for \$690,000 in judgment bonds issued for the purpose of paying a \$500,000 judgment settlement to Claggett and Sons, Inc. and the associated legal fees. \$661,911 of the proceeds from the sale of these bonds were recorded in the Building Capital Projects Fund and \$23,089 were deposited in the Bond Retirement Debt Service Fund for a total of \$690,000. Of the \$690,000 judgment bond issuance, \$275,000 were serial bonds and \$415,000 were term bonds. The \$690,000 in judgment bonds were issued at a premium in the amount of \$8,742. This debt was being retired through the Bond Retirement Debt Service Fund using property tax revenues for the facilities portion and transfers from the General Fund for the judgment portion of the debt. On May 28, 2020, C-TEC chose to retire the bonds in full through the redemption option that became available for bonds maturing after December 1, 2019.

Sick leave benefits will be paid from the General and Adult Education Funds. C-TEC pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General Fund and the Adult Education, Food Service, Adult Basic Education, and Vocational Education Special Revenue Funds. For additional information related to the net pension liability see Note 12 and net OPEB liability (asset) see Note 13.

C-TEC's overall legal debt margin was \$421,847,698, with an unvoted debt margin of \$4,782,754 at June 30, 2020.

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

**Note 15 - Interfund Activity**

Interfund balances at June 30, 2020, consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<i>Major Funds:</i>		
General Fund	\$73,352	\$0
Adult Education	2,164	640
Total Major Funds	<u>75,516</u>	<u>640</u>
<i>Other Nonmajor Governmental Funds:</i>		
Other Grants	0	4,668
Adult Basic Education	0	13,242
Vocational Education	640	57,606
Total Other Nonmajor Governmental Funds	<u>640</u>	<u>75,516</u>
Total All Funds	<u>\$76,156</u>	<u>\$76,156</u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization; and to segregate and to return money to the fund from which it was originally provided once a project is completed.

C-TEC transferred \$226,124 from the General Fund to the Adult Education Special Revenue Fund for reimbursements of expenditures paid from the Adult Education Special Revenue Fund. C-TEC also transferred \$3,277,115 from the General Fund to the Bond Retirement Debt Service Fund for bond retirement payments due. On May 28, 2020, C-Tec paid in full the Various Purpose Bonds 2010B Series Facilities Bonds and the 2010 Judgement Bonds by choosing the redemption option that became available for bonds maturing after December 1, 2019. C-TEC also transferred \$1,000,000 from the General Fund to the Permanent Improvement Capital Projects Fund for various future improvement projects to buildings and grounds.

**Note 16 - Statutory Set-Asides**

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

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



**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2019	\$0
Current Year Set-Aside Requirement	148,610
Current Year Offsets	(1,000,000)
Current Year Qualifying Disbursements	<u>(260,625)</u>
Total	<u><u>(\$1,112,015)</u></u>
Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Cash Balances to Carry Forward to Future Fiscal Years	<u><u>\$0</u></u>

C-TEC had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements set-aside amount below zero.

**Note 17 - Jointly Governed Organizations**

***Licking Area Computer Association***

C-TEC is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services twenty-seven school districts, educational service centers, and community schools within the boundaries of Licking, Muskingum, Fairfield, Perry, and Knox counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating school districts. The continued existence of LACA is not dependent on C-TEC's continued participation and no equity interest exists.

The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The Board exercises total control over the operations of LACA including budgeting, appropriating, contracting, and designating management. C-TEC's total payments to LACA for fiscal year 2020 were \$103,223. Financial statements for LACA can be obtained from their fiscal agent the Career and Technology Education Centers of Licking County, 150 Price Road, Newark, OH 43055.

***META Solutions***

C-TEC participates in the META Solutions, a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META Solutions operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META Solutions consists of one delegate from every member school district. The delegate is the superintendent of school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META Solutions including budgeting, appropriating, contracting, and designating management. META

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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Solutions memberships became free effective July 1, 2017. Financial information can be obtained from META Solutions, 2100 Citygate Drive, Columbus, Ohio 43219.

**Note 18 - Insurance Purchasing Pools**

***Ohio Association of School Business Officials Workers' Compensation Group Rating Program***

Beginning on January 1, 2012, C-TEC participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect, and the Immediate Past President of the OASBO. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. No membership dues were paid during fiscal year 2020 by C-TEC.

***Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program***

C-TEC participates in the Southwestern Ohio Educational Purchasing Council Property, Fleet, and Liability Program (Council). The Council is an incorporated nonprofit association of its members which enables the participates to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Council's business and affairs are conducted by a board of seven school administrators, who are elected by the membership each year. The purpose of the Council is to jointly provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage, and other protections for participants. C-TEC paid \$43,032 to the Council for fiscal year 2020 insurance coverage.

**Note 19 - Contingencies**

***Grants***

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

***Litigation***

C-TEC is currently not party to any litigation.

***School Foundation***

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

**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

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**Note 20 - Significant Commitments**

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

Governmental Funds:	
General Fund	\$136,270
Adult Education Fund	60,103
Permanent Improvement Fund	449,589
Nonmajor Governmental Funds	15,699
Total	<u><u>\$661,661</u></u>

**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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of C-TEC. C-TEC's investment portfolio and the investments of the pension and other employee benefit plans in which C-TEC participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on C-TEC's future operating costs, revenues, and additional recovery from emergency funding, either federal or State, cannot be estimated.

**Note 22 - Fund Balances**

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

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**Career and Technology Education Centers of Licking County, Ohio**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2020*

Fund Balances	General	Adult Education	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total
<u>Nonspendable:</u>						
Unclaimed Monies	\$7,542	\$0	\$0	\$0	\$0	\$7,542
Prepaid Items	58,619	13,361	0	0	1,733	73,713
Materials and Supplies Inventory	2,532	0	0	0	1,065	3,597
<i>Total Nonspendable</i>	<u>68,693</u>	<u>13,361</u>	<u>0</u>	<u>0</u>	<u>2,798</u>	<u>84,852</u>
<u>Restricted for:</u>						
Debt Service Payments	0	0	1,464,810	0	0	1,464,810
Adult Education	0	1,025,504	0	0	0	1,025,504
Food Service Operations District Managed Activities	0	0	0	0	156,084	156,084
Adult Basic Education	0	0	0	0	28,159	28,159
Vocational Education	0	0	0	0	302	302
	0	0	0	0	655	655
<i>Total Restricted</i>	<u>0</u>	<u>1,025,504</u>	<u>1,464,810</u>	<u>0</u>	<u>185,200</u>	<u>2,675,514</u>
<u>Committed to:</u>						
Scholarships	0	0	0	0	3,586	3,586
Permanent Improvements	0	0	0	601,233	0	601,233
Vocational	6,654	0	0	0	0	6,654
Administration Services	640	0	0	0	0	640
<i>Total Committed</i>	<u>7,294</u>	<u>0</u>	<u>0</u>	<u>601,233</u>	<u>3,586</u>	<u>612,113</u>
<u>Assigned to:</u>						
Public School Support	52,645	0	0	0	0	52,645
Purchases on Order	358,226	0	0	0	0	358,226
<i>Total Assigned</i>	<u>410,871</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>410,871</u>
Unassigned:	16,415,987	0	0	0	(4,248)	16,411,739
<i>Total Fund Balances</i>	<u>\$16,902,845</u>	<u>\$1,038,865</u>	<u>\$1,464,810</u>	<u>\$601,233</u>	<u>\$187,336</u>	<u>\$20,195,089</u>

**Note 23 - Subsequent Events**

Effective July 1, 2020, C-TEC will no longer be the fiscal agent of the Licking Area Computer Association (LACA) and their financial activity will no longer be presented as an agency fund. LACA legally updated their agreement to a Council of Government and they will keep their own financial records beginning July 1, 2020.

On August 15, 2020, C-TEC received additional CARES ACT funding from Higher Education Emergency Relief Fund resources in the amount of \$301,459.

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**Career and Technology Education Centers of Licking County, Ohio**  
*Required Supplementary Information*  
*Schedule of C-TEC's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Seven Fiscal Years (1) \**

	2020	2019	2018	2017
C-TEC's Proportion of the Net Pension Liability	0.060313800%	0.064210486%	0.05952510%	0.06418139%
C-TEC's Proportionate Share of the Net Pension Liability	\$3,608,681	\$3,677,454	\$3,556,493	\$4,697,486
C-TEC's Covered Payroll	\$2,077,281	\$2,060,800	\$1,984,114	\$1,967,293
C-TEC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.72%	178.45%	179.25%	238.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.0630638%	0.0608671%	0.0608671%
\$3,598,481	\$3,080,449	\$3,619,571
\$1,902,822	\$1,772,035	\$1,735,311
189.11%	173.84%	208.58%
69.16%	71.70%	65.52%

**Career and Technology Education Centers of Licking County, Ohio**  
*Required Supplementary Information*  
*Schedule of C-TEC's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Four Fiscal Years (1) \**

	2020	2019	2018
C-TEC's Proportion of the Net OPEB Liability	0.0562383%	0.060137520%	0.055976899%
C-TEC's Proportionate Share of the Net OPEB Liability	\$1,414,275	\$1,668,377	\$1,502,273
C-TEC's Covered Payroll	\$2,077,281	\$2,060,800	\$1,984,114
C-TEC's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	68.08%	80.96%	75.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%

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

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

See accompanying notes to the required supplementary information



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2017

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0.060372859%

\$1,720,850

\$1,967,293

87.47%

11.49%

**Career and Technology Education Centers of Licking County, Ohio**  
*Required Supplementary Information*  
*Schedule of C-TEC's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Seven Fiscal Years (1) \**

	2020	2019	2018	2017
C-TEC's Proportion of the Net Pension Liability	0.05846083%	0.05681890%	0.05661948%	0.05712515%
C-TEC's Proportionate Share of the Net Pension Liability	\$12,928,262	\$12,493,200	\$13,450,079	\$19,121,510
C-TEC's Covered Payroll	\$6,840,464	\$6,510,907	\$6,261,214	\$6,041,821
C-TEC's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.00%	191.88%	214.82%	316.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2016	2015	2014
0.05462948%	0.05412227%	0.05412227%
\$15,097,990	\$13,164,409	\$15,681,358
\$5,887,129	\$5,529,893	\$5,952,454
256.46%	238.06%	263.44%
72.10%	74.70%	69.30%

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**Career and Technology Education Centers of Licking County, Ohio**  
*Required Supplementary Information*  
*Schedule of C-TEC's Proportionate Share of the Net OPEB Liability (Asset)*  
*State Teachers Retirement System of Ohio*  
*Last Four Fiscal Years (1) \**

	2020	2019	2018	2017
C-TEC's Proportion of the Net OPEB Liability (Asset)	0.05846083%	0.05681890%	0.05661948%	0.05712515%
C-TEC's Proportionate Share of the Net OPEB Liability (Asset)	(\$968,251)	(\$913,022)	\$2,209,083	\$3,055,068
C-TEC's Covered Payroll	\$6,840,464	\$6,510,907	\$6,261,214	\$6,041,821
C-TEC's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.15%	-14.02%	35.28%	50.57%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

**Career and Technology Education Centers of Licking County, Ohio**

*Required Supplementary Information*

*Schedule of C-TEC Contributions*

*School Employees Retirement System of Ohio*

*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$293,666	\$280,433	\$278,208	\$277,776
Contributions in Relation to the Contractually Required Contribution	<u>(293,666)</u>	<u>(280,433)</u>	<u>(278,208)</u>	<u>(277,776)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C-TEC Covered Payroll (4)	\$2,097,614	\$2,077,281	\$2,060,800	\$1,984,114
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (5)	\$13,004	\$23,816	\$26,861	\$17,000
Contributions in Relation to the Contractually Required Contribution	<u>(13,004)</u>	<u>(23,816)</u>	<u>(26,861)</u>	<u>(17,000)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.62%</u>	<u>1.15%</u>	<u>1.30%</u>	<u>0.86%</u>
Total Contributions as a Percentage of Covered Payroll (5)	<u>14.62%</u>	<u>14.65%</u>	<u>14.80%</u>	<u>14.86%</u>

(1) C-TEC implemented a reduction in force program

(2) C-TEC added two steps back to employee wages

(3) These years were restated to remove the Licking Area Computer Association employees.

(4) C-TEC's covered payroll is the same for Pension and OPEB.

(5) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2016</u>	<u>(3) 2015</u>	<u>(3) 2014</u>	<u>(3) 2013</u>	<u>(2)(3) 2012</u>	<u>(1)(3) 2011</u>
\$275,421	\$250,792	\$245,604	\$240,167	\$222,691	\$106,312
<u>(275,421)</u>	<u>(250,792)</u>	<u>(245,604)</u>	<u>(240,167)</u>	<u>(222,691)</u>	<u>(106,312)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,967,293	\$1,902,822	\$1,772,035	\$1,735,311	\$1,655,695	\$845,760
<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>	<u>13.84%</u>	<u>13.45%</u>	<u>12.57%</u>
\$16,390	\$36,908	\$24,392	\$14,093	\$39,049	\$26,472
<u>(16,390)</u>	<u>(36,908)</u>	<u>(24,392)</u>	<u>(14,093)</u>	<u>(39,049)</u>	<u>(26,472)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.83%</u>	<u>1.94%</u>	<u>1.38%</u>	<u>0.81%</u>	<u>2.36%</u>	<u>3.13%</u>
<u>14.83%</u>	<u>15.12%</u>	<u>15.24%</u>	<u>14.65%</u>	<u>15.81%</u>	<u>15.70%</u>

**Career and Technology Education Centers of Licking County, Ohio**

*Required Supplementary Information*

*Schedule of C-TEC Contributions*

*State Teachers Retirement System of Ohio*

*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$960,620	\$957,665	\$911,527	\$876,570
Contributions in Relation to the Contractually Required Contribution	<u>(960,620)</u>	<u>(957,665)</u>	<u>(911,527)</u>	<u>(876,570)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
C-TEC Covered Payroll (3)	\$6,861,571	\$6,840,464	\$6,510,907	\$6,261,214
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) Reduction in force

(2) Reduction in force round two

(3) C-TEC's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>(2) 2012</u>	<u>(1) 2011</u>
\$845,855	\$824,198	\$718,886	\$773,819	\$756,611	\$802,657
<u>(845,855)</u>	<u>(824,198)</u>	<u>(718,886)</u>	<u>(773,819)</u>	<u>(756,611)</u>	<u>(802,657)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,041,821	\$5,887,129	\$5,529,893	\$5,952,454	\$5,820,085	\$6,174,285
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$55,299	\$59,525	\$58,201	\$61,743
<u>0</u>	<u>0</u>	<u>(55,299)</u>	<u>(59,525)</u>	<u>(58,201)</u>	<u>(61,743)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

## Career and Technology Education Centers of Licking County, Ohio

*Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2020*

### Net Pension Liability

#### Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

#### Changes in Assumptions - STRS

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

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

## Career and Technology Education Centers of Licking County, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2020

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

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

### Net OPEB Liability

#### Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

#### Changes in Assumptions – STRS

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

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

## **Career and Technology Education Centers of Licking County, Ohio**

*Notes to Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2020*

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### **Changes in Benefit Terms – STRS OPEB**

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

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

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

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY  
LICKING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	\$9,130
Cash Assistance:		
School Breakfast Program	10.553	8,377
COVID-19 School Breakfast Program	10.553	800
National School Lunch Program	10.555	60,398
COVID-19 National School Lunch Program	10.555	3,975
Cash Assistance Subtotal		<u>73,550</u>
Total Child Nutrition Cluster		<u>82,680</u>
Fresh Fruit and Vegetable Program	10.582	<u>\$7,141</u>
Total U.S. Department of Agriculture		<u><b>89,821</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Direct Program</i>		
Student Financial Assistance Cluster:		
Federal Pell Grant Program	84.063	410,732
Federal Direct Student Loans	84.268	595,783
Total Student Financial Assistance Cluster		<u><b>1,006,515</b></u>
Education Stabilization Fund:		
COVID-19 Higher Education Emergency Relief Fund for Students	84.425E	99,271
COVID-19 Higher Education Emergency Relief Fund for Institutions	84.425F	91,831
COVID-19 Higher Education Emergency Relief Fund for the Improvement of Postsecondary Education	84.425N	219,280
Total Education Stabilization Fund		<u><b>410,382</b></u>
<i>Passed Through Ohio Department of Education</i>		
Adult Education-Basic Grants to States	84.002	193,512
Career and Technical Education- Basic Grants to States	84.048	535,758
Total Passed Through Ohio Department of Education		<u><b>729,270</b></u>
Total U.S. Department of Education		<u><b>2,146,167</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><u><b>\$2,235,988</b></u></u>

*The accompanying notes are an integral part of this schedule.*

**CAREER AND TECHNOLOGY EDUCATION CENTERS  
LICKING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Career and Technology Education Centers of Licking County, (C-TEC) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of C-TEC, it is not intended to and does not present the financial position or changes in net position of C-TEC.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

Career and Technology Education Centers of Licking County  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Career and Technology Centers of Licking County, (C-TEC) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise C-TEC's basic financial statements and have issued our report thereon dated December 15, 2020, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of C-TEC.

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

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 15, 2020



# OHIO AUDITOR OF STATE KEITH FABER



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

Career and Technology Education Centers of Licking County  
Licking County  
150 Price Road  
Newark, Ohio 43055

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Career and Technology Education Centers of Licking County's (C-TEC) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Career and Technology Education Centers of Licking County's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies C-TEC's major federal program.

### ***Management's Responsibility***

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

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

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

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

***Opinion on the Major Federal Program***

In our opinion, the Career and Technology Education Centers of Licking County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

C-TEC's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered C-TEC's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of C-TEC's internal control over compliance.

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 15, 2020

**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY  
LICKING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Student Financial Assistance Cluster CFDA 84.063/84.268
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



**CAREER AND TECHNOLOGY EDUCATION CENTERS OF LICKING COUNTY**

**LICKING COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



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

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

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