Certified Public Accountants, A.C.

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY
Regular Audit
For the Fiscal Year Ended June 30, 2019

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
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OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

Board of Education
Tolles Career and Technical Center
7877 U. S. Highway 42 South
Plain City, Ohio 43064-9554

We have reviewed the *Independent Auditor's Report* of the Tolles Career and Technical Center, Madison County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2018 through June 30, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 20, 2020

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TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

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TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

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INDEPENDENT AUDITOR'S REPORT

December 20, 2019

Tolles Career and Technical Center
Madison County
7877 US Highway 42 South
Plain City, Ohio 43064

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 **Tolles Career and Technical Center**, Madison County, Ohio (the Center), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 Tolles Career and Technical Center, Madison County, Ohio, as of June 30, 2019, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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 OPEB liabilities and pension and OPEB 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

The discussion and analysis of the Tolles Career & Technical Center (the Center) financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2019 are as follows:

- The Center's net position of governmental activities increased $2,750,324 which represents a 27.45% increase from 2018. The significant increase in net position is the result of a reduction in the net pension liability.

- Governmental activities' general revenues accounted for $14,286,421 in revenue or 89.50% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $1,676,136 in revenue or 10.50% of total revenues of $15,962,557.

- The Center had $13,212,233 in expenses related to governmental activities; only $1,676,136 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $14,286,421 were adequate to provide for these programs.

- The Center's only major governmental fund is the general fund. The general fund had $14,962,209 in revenues and $12,929,940 in expenditures and other financing uses. The general fund's fund balance increased $2,032,269 from $12,513,189 to $12,545,458.

Using these Basic Financial Statements

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

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

Reporting the Center as a Whole

Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities reflect how the Center did financially during fiscal year 2019. 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 considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the Center's *net position* and changes in position. This change in net position is important because it tells the reader whether the *financial position* of the Center as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not.

Nonfinancial factors include the Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.
In the statement of net position and the statement of activities*,* the Center reports on the following activity type:

Governmental Activities - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Center's major funds. While the Center uses many funds to account for its financial transactions, the fund financial statements focus on the Center's most significant funds. The Center's only major governmental fund is the general fund.

Governmental Funds

The Center's governmental funds are used to account for the same programs reported as governmental activities on the government-wide financial statements. The Center's basic services are reported in these funds and focus on how money flows into and out of those funds as well as the balances available for spending at fiscal year end. These funds are reported using the *modified accrual basis of accounting* which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Center's operations. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Center's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Reporting the Center's Fiduciary Responsibilities

Fiduciary funds are used to account for resources held for the benefit of parties outside the Center. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the Center's programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

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

Required Supplementary Information

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

The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The following table provides a summary of the Center's net position for fiscal years 2019 and 2018.

Net Position

	Governmental Activities 2019	Governmental Activities 2018
Assets		
Current and other assets	$ 23,757,881	$ 20,675,401
Net OPEB asset	880,773	-
Capital assets, net	12,884,379	14,263,386
Total assets	37,523,033	34,938,787
Deferred Outflows of Resources		
Pension	4,000,825	5,214,034
OPEB	129,878	135,694
Total deferred outflows of resources	4,130,703	5,349,728
Liabilities		
Current liabilities	1,276,887	1,214,380
Long-term liabilities:		
Due within one year	311,750	324,654
Due within more than one year:		
Net pension liability	14,322,095	15,473,462
Net OPEB liability	1,026,965	3,165,609
Other amounts	2,370,410	2,507,448
Total liabilities	19,308,107	22,685,553
Deferred Inflows of Resources		
Property taxes levied for the next fiscal year	6,647,130	5,914,510
Pension	1,302,346	1,112,567
OPEB	1,628,120	558,176
Total deferred inflows of resources	9,577,596	7,585,253
Net Position		
Net investment in capital assets	12,245,776	13,574,473
Restricted	86,605	77,748
Unrestricted	435,652	(3,634,512)
Total net position	$ 12,768,033	$ 10,017,709

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the Center's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by $12,768,033. The net investment in capital assets at June 30, 2019 was $12,245,776. A portion of the Center's net position, $86,605, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $435,652.

Total assets at fiscal year-end include a net OPEB asset reported by the State Teachers Retirement System (STRS). See Note 12 for more detail. STRS did not report a net pension asset in the prior year.

At fiscal year-end, capital assets represented 34.33% of total assets. Capital assets include land, land improvements, buildings and building improvements, furniture and equipment, and vehicles. Capital assets are used to provide services to the students and are not available for future spending.

Deferred outflows related to pension decreased primarily due to changes in assumptions by STRS. See Note 11 for more detail.

Deferred inflows related to OPEB increased primarily due to changes in assumptions by STRS. See Note 12 for more detail.

The table below shows the change in net position for fiscal year 2019 and 2018.

Change in Net Position

	Governmental Activities 2019	Governmental Activities 2018
Revenues		
Program revenues:		
Charges for services and sales	$ 689,744	$ 660,731
Operating grants and contributions	986,392	1,601,497
General revenues:		
Property taxes	11,182,897	11,190,076
Grants and entitlements	2,719,529	2,562,554
Investment earnings	245,844	78,630
Other	138,151	145,059
Total revenues	15,962,557	16,238,547

- (Continued)

Change in Net Position - (Continued)

	Governmental Activities 2019	Governmental Activities 2018
Expenses		
Program expenses:		
Instruction:		
Regular	$ 1,721,462	$ 1,054,632
Special	729,050	158,603
Vocational	5,245,775	3,113,880
Adult/Continuing	63,450	73,936
Other	195,003	45,486
Support services:		
Pupil	504,097	195,265
Instructional staff	395,800	214,517
Board of education	52,155	86,204
Administration	1,116,849	563,456
Fiscal	478,563	350,562
Operations and maintenance	1,736,265	856,759
Pupil transportation	33,718	10,400
Central	599,384	590,016
Other non-instructional services	225,625	177,836
Extracurricular activities	37,171	15,254
Interest and fiscal charges	77,866	66,929
Total expenses	13,212,233	7,573,735
Change in net position	2,750,324	8,664,812
Net position at beginning of year	10,017,709	1,352,897
Net position at end of year	$ 12,768,033	$ 10,017,709

Governmental Activities

Net position of the Center's governmental activities increased by $2,750,324 for the year ended June 30, 2019. The increase was primarily due to the increase in expenses related to the net pension liability.

Property taxes and grants and entitlements represent 87.09% percent of total Center revenues. Program revenues for governmental activities are 10.50% percent of total revenues and are primarily represented by charges for tuition and fees and restricted intergovernmental revenues.

Expenses of the governmental activities increased $5,638,498 or 74.44%. This increase is primarily the result of the State Teachers Retirement System (STRS) indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employees Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017.

On an accrual basis, the Center reported $1,279,711 and ($5,121,236) in pension expense for fiscal years 2019 and 2018, respectively. In addition, the Center reported ($1,933,418) and ($655,867) in OPEB expense for fiscal year 2019 and 2018, respectively. The increase in both the net pension expense and the OPEB expense from fiscal year 2018 to fiscal year 2019 was $5,123,396. This increase is primarily the result of the benefit changes by the retirement systems. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities. The Center's total expenses for fiscal year 2019 are more comparable to total fiscal year 2017 expenses.

The major program expense for governmental activities is for instruction, which is 60.20% percent of all governmental expenses.

The table on the following page indicates the total cost of services and the net cost of services for the governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlement.

Governmental Activities

	Total Cost of Services 2019	Net Cost of Services 2019	Total Cost of Services 2018	Net Cost of Services 2018
Program expenses				
Instruction:				
Regular	$ 1,721,462	$ 1,721,462	$ 1,054,632	$ 1,054,632
Special	729,050	119,782	158,603	(515,356)
Vocational	5,245,775	4,655,826	3,113,880	2,242,964
Adult/Continuing	63,450	(70,260)	73,936	(229,438)
Other	195,003	188,942	45,486	44,378
Support services:				
Pupil	504,097	493,611	195,265	173,155
Instructional staff	395,800	392,958	214,517	199,331
Board of education	52,155	52,155	86,204	86,204
Administration	1,116,849	1,088,588	563,456	495,559
Fiscal	478,563	478,563	350,562	350,562
Operations and maintenance	1,736,265	1,736,265	856,759	856,759
Pupil transportation	33,718	33,718	10,400	10,400
Central	599,384	504,274	590,016	520,073
Other non-instructional services	225,625	25,176	177,836	(59,899)
Extracurricular activities	37,171	37,171	15,254	15,254
Interest and fiscal charges	77,866	77,866	66,929	66,929
Total expenses	$ 13,212,233	$ 11,536,097	$ 7,573,735	$ 5,311,507

The Career Center's Funds

The Center's governmental funds reported a combined fund balance of $15,511,734, which is more than last year's total balance of $13,249,849. The table below indicates the fund balance and the total change in fund balance as of June 30, 2019 and June 30, 2018.

	Fund Balance June 30, 2019	Fund Balance June 30, 2018	Change	Percentage Change
General	$ 14,545,458	$ 12,513,189	$ 2,032,269	16.24 %
Nonmajor governmental	966,276	736,660	229,616	31.17 %
Total	$ 15,511,734	$ 13,249,849	$ 2,261,885	17.07 %

General Fund

The Center's general fund balance increased $2,032,269 during fiscal year 2019.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2019 Amount	2018 Amount	Change	Percentage Change
Revenues				
Taxes	$ 11,140,421	$ 11,193,218	$ (52,797)	(0.47) %
Tuition	156,612	186,347	(29,735)	(15.96) %
Earnings on investments	231,646	82,659	148,987	180.24 %
Intergovernmental	3,119,278	3,266,942	(147,664)	(4.52) %
Other revenues	314,252	316,762	(2,510)	(0.79) %
Total	$ 14,962,209	$ 15,045,928	$ (83,719)	(0.56) %
Expenditures				
Instruction	$ 7,309,273	$ 7,442,092	$ (132,819)	(1.78) %
Support services	5,034,149	4,651,425	382,724	8.23 %
Non-instructional services	1,867	2,651	(784)	100.00 %
Extracurricular activities	35,021	31,470	3,551	11.28 %
Debt service	47,226	47,226	-	- %
Total	$ 12,427,536	$ 12,174,864	$ 252,672	2.08 %

The general fund balance increased during fiscal year 2019 as a result of an increase in earnings on investments, and a decrease in instructional and non-instructional services expenditures.

General Fund Budgeting Highlights

The Center's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2019, the Center amended its general fund budget as needed.

Original and final budgeted resources and other financing sources totaled $14,359,505 and $14,566,270, respectively. Actual budgeted resources and other financing sources were $157 higher than final budgeted resources.

Original and final budgeted expenditures and other financing uses in the amount of $14,236,376 and $13,108,438, respectively. Actual budgeted expenditures and other financing uses were $48,553 less than final budgeted expenditures. The Center generally over appropriates in case unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2019, the Center had $12,884,379 invested in land, land improvements, buildings and building improvements, furniture and equipment, and vehicles (net of accumulated depreciation); all in governmental activities.

See Note 8 for more information about the Center's capital assets.

Debt Administration

At June 30, 2019, the Center had $1,798,333 in governmental activity debt outstanding. The following table summarizes the Center's long-term obligations at June 30, 2019 and June 30, 2018.

Outstanding Debt, at Year End

	Governmental Activities 2019	Governmental Activities 2018
Capital lease obligation	$ 87,018	$ 125,591
Promissory note	1,711,315	1,881,220
Total	$ 1,798,333	$ 2,006,811

See Note 9 to the basic financial statements for additional information on the Center's debt administration.

Current Financial Related Activities

The Center covers a diverse area that includes suburban residential areas of Hilliard, Dublin, Plain City, London, West Jefferson, Fairbanks and Madison Plains, as well as farming communities in Franklin, Madison, Union, Delaware and Fayette Counties.

The Center has maintained an excellent financial position over the last forty-five years. In 1972, a 1.8 mill continuing levy was passed. Because of significant growth in the Center over the years the millage had been reduced. The last reduction was from 1.1 mill to .5 mill effective January 1, 2003. Effective January 1, 2007, the Center's effective property tax millage was increased from .5 mills to 1.3 mills. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the Center's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The latest five-year forecast as prepared in May 2019 shows a positive cash balance through fiscal year 2023. However, the future financial stability of the Center is not without challenges. The first challenge is for management to ensure resources can be preserved as long as possible by continuing to maintain careful financial planning and prudent fiscal management. The second challenge is based in the local economy and the state funding of education in Ohio.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, tax payers, investors, and creditors with a general overview of the Center's finances and to reflect the Center's accountability for monies it receives. Questions concerning any information in this report or requests for additional information should be directed to Tammy Woods, Treasurer, 7877 US Highway 42 South, Plain City, Ohio 43064 or by calling 614-873-4666.

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
Assets:	
Equity in pooled cash, cash	
equivalents and investments.	$ 11,867,372
Receivables:	
Property taxes	11,731,677
Accounts.	495
Accrued interest	18,644
Intergovernmental	58,789
Prepayments	3,737
Materials and supplies inventory	69,148
Inventory held for resale	8,019
Net OPEB asset	880,773
Capital assets:	
Nondepreciable capital assets	150,000
Depreciable capital assets, net.	12,734,379
Capital assets, net	12,884,379
Total assets.	37,523,033
Deferred outflows of resources:	
Pension	4,000,825
OPEB	129,878
Total deferred outflows of resources	4,130,703
Liabilities:	
Accounts payable.	125,423
Accrued wages and benefits payable	983,025
Intergovernmental payable	34,327
Pension and postemployment benefits payable .	131,827
Accrued interest payable	1,700
Unearned revenue	585
Long-term liabilities:	
Due within one year.	311,750
Due in more than one year:	
Net pension liability	14,322,095
Net OPEB liability	1,026,965
Other amounts due in more than one year .	2,370,410
Total liabilities	19,308,107
Deferred inflows of resources:	
Property taxes levied for the next fiscal year . .	6,647,130
Pension.	1,302,346
OPEB.	1,628,120
Total deferred inflows of resources	9,577,596
Total liabilities and deferred inflows of resources .	28,885,703
Net position:	
Net investment in capital assets	12,245,776
Restricted for:	
Locally funded programs	298
State funded programs.	5,186
Other purposes	81,121
Unrestricted	435,652
Total net position.	$ 12,768,033

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 1,721,462	$ -	$ -	$ (1,721,462)
Special	729,050	-	609,268	(119,782)
Vocational	5,245,775	323,237	266,712	(4,655,826)
Adult/continuing.	63,450	124,153	9,557	70,260
Other	195,003	-	6,061	(188,942)
Support services:				
Pupil.	504,097	9,476	1,010	(493,611)
Instructional staff	395,800	-	2,842	(392,958)
Board of education	52,155	-	-	(52,155)
Administration.	1,116,849	26,263	1,998	(1,088,588)
Fiscal.	478,563	-	-	(478,563)
Operations and maintenance	1,736,265	-	-	(1,736,265)
Pupil transportation.	33,718	-	-	(33,718)
Central	599,384	88,340	6,770	(504,274)
Operation of non-instructional services:				
Other non-instructional services	1,867	-	-	(1,867)
Food service operations	223,758	118,275	82,174	(23,309)
Extracurricular activities.	37,171	-	-	(37,171)
Interest and fiscal charges	77,866	-	-	(77,866)
Total governmental activities	$ 13,212,233	$ 689,744	$ 986,392	(11,536,097)
General revenues:				
Property taxes levied for:				
General purposes				11,182,897
Grants and entitlements not restricted to specific programs				2,719,529
Investment earnings				245,844
Miscellaneous				138,151
Total general revenues.				14,286,421
Change in net position				2,750,324
Net position at beginning of year.				10,017,709
Net position at end of year.				$ 12,768,033

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash, cash equivalents, and investments	$ 10,860,990	$ 1,006,382	$ 11,867,372
Receivables:			
Property taxes	11,731,677	-	11,731,677
Accounts	465	30	495
Accrued interest	18,644	-	18,644
Intergovernmental	22,716	36,073	58,789
Prepayments	3,651	86	3,737
Materials and supplies inventory	69,148	-	69,148
Inventory held for resale	-	8,019	8,019
Total assets	$ 22,707,291	$ 1,050,590	$ 23,757,881
Liabilities:			
Accounts payable	$ 125,166	$ 257	$ 125,423
Accrued wages and benefits payable	912,792	70,233	983,025
Compensated absences payable	12,520	-	12,520
Intergovernmental payable	32,468	1,859	34,327
Pension and postemployment benefits payable	120,447	11,380	131,827
Unearned revenue	-	585	585
Total liabilities	1,203,393	84,314	1,287,707
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,647,130	-	6,647,130
Delinquent property tax revenue not available	296,677	-	296,677
Accrued interest not available	14,633	-	14,633
Total deferred inflows of resources	6,958,440	-	6,958,440
Fund balances:			
Nonspendable:			
Materials and supplies inventory	69,148	-	69,148
Prepaids	3,651	86	3,737
Restricted:			
Adult education	-	65,757	65,757
Food service operations	-	21,198	21,198
Other purposes	-	5,484	5,484
Committed:			
Capital improvements	-	906,794	906,794
Assigned:			
Student instruction	30,563	-	30,563
Student and staff support	199,405	-	199,405
Extracurricular activities	5,634	-	5,634
Health insurance	10,500	-	10,500
Other purposes	312,042	-	312,042
Unassigned (deficit)	13,914,515	(33,043)	13,881,472
Total fund balances	14,545,458	966,276	15,511,734
Total liabilities, deferred inflows and fund balances	$ 22,707,291	$ 1,050,590	$ 23,757,881

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2019

Total governmental fund balances		$ 15,511,734
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,884,379
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 296,677	
Accrued interest receivable	14,633	
Total		311,310
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(1,700)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital lease obligations	(87,018)	
Compensated absences	(871,307)	
Promissory note	(1,711,315)	
Total		(2,669,640)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.		
Deferred outflows - pension	4,000,825	
Deferred inflows - pension	(1,302,346)	
Net pension liability	(14,322,095)	
Total		(11,623,616)
The net OPEB liability/asset is not due and payable in the current period; therefore, liability/asset and related deferred inflows are not reported in governmental funds.		
Deferred outflows - OPEB	129,878	
Deferred inflows - OPEB	(1,628,120)	
Net OPEB asset	880,773	
Net OPEB liability	(1,026,965)	
Total		(1,644,434)
Net position of governmental activities		$ 12,768,033

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	$ 11,140,421	$ -	$ 11,140,421
Tuition	156,612	238,756	395,368
Earnings on investments	231,646	-	231,646
Charges for services	-	118,275	118,275
Extracurricular	4,914	-	4,914
Classroom materials and fees	48,922	-	48,922
Rental income	7,695	-	7,695
Contributions and donations	4,562	875	5,437
Contract services	110,008	-	110,008
Other local revenues	138,151	-	138,151
Intergovernmental - intermediate	-	2,424	2,424
Intergovernmental - state	3,119,278	26,984	3,146,262
Intergovernmental - federal	-	559,841	559,841
Total revenues	14,962,209	947,155	15,909,364
Expenditures:			
Current:			
Instruction:			
Regular	1,950,822	-	1,950,822
Special	393,114	458,253	851,367
Vocational	4,734,261	1,500	4,735,761
Adult/continuing	98	154,667	154,765
Other	230,978	875	231,853
Support services:			
Pupil	568,584	714	569,298
Instructional staff	312,864	6,376	319,240
Board of education	54,221	-	54,221
Administration	1,247,889	30,107	1,277,996
Fiscal	535,009	-	535,009
Operations and maintenance	1,717,875	-	1,717,875
Pupil transportation	31,824	-	31,824
Central	565,883	97,795	663,678
Operation of non-instructional services:			
Other operation of non-instructional	1,867	-	1,867
Food service operations	-	232,075	232,075
Extracurricular activities	35,021	-	35,021
Debt service:			
Principal retirement	38,573	169,905	208,478
Interest and fiscal charges	8,653	67,676	76,329
Total expenditures	12,427,536	1,219,943	13,647,479
Excess (deficiency) of revenues over (under) expenditures	2,534,673	(272,788)	2,261,885
Other financing sources (uses):			
Transfers in	-	502,404	502,404
Transfers (out)	(502,404)	-	(502,404)
Total other financing sources (uses)	(502,404)	502,404	-
Net change in fund balances	2,032,269	229,616	2,261,885
Fund balances at beginning of year	12,513,189	736,660	13,249,849
Fund balances at end of year	$ 14,545,458	$ 966,276	$ 15,511,734

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON 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, 2019

Net change in fund balances - total governmental funds		$ 2,261,885
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 87,881	
Current year depreciation	(906,886)	
Total		(819,005)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(560,002)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	42,476	
Earnings on investments	14,198	
Intergovernmental	(3,481)	
Total		53,193
Repayment of note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Promissory note	169,905	
Capital leases	38,573	
Total		208,478
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	(1,537)	
Total		(1,537)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resource and therefore are not reported as expenditures in governmental funds.		(84,724)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,028,090
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,279,711)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		10,239
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the statement of activities.		1,933,418
Change in net position of governmental activities		$ 2,750,324

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 10,569,362	$ 11,003,483	$ 11,003,626	$ 143
Tuition	183,554	156,618	156,612	(6)
Earnings on investments	79,309	172,788	172,788	-
Rental income	4,502	7,230	7,230	-
Other local revenues	108,137	108,189	108,183	(6)
Intergovernmental - state	3,404,638	3,110,867	3,110,898	31
Total revenues	14,349,502	14,559,175	14,559,336	161
Expenditures:				
Current:				
Instruction:				
Regular	2,053,670	1,971,386	1,971,197	189
Special	436,522	403,578	403,510	68
Vocational	4,894,712	4,668,007	4,666,505	1,502
Adult/continuing	141	60	58	2
Other	218,658	212,775	212,760	15
Support services:				
Pupil	596,159	562,474	560,166	2,308
Instructional staff	337,405	311,530	311,136	394
Board of education	194,296	90,277	59,982	30,295
Administration	1,366,602	1,299,148	1,288,446	10,702
Fiscal	621,357	544,530	542,885	1,645
Business	1,100	1,000	-	1,000
Operations and maintenance	2,036,324	1,821,410	1,821,315	95
Pupil transportation	49,931	39,610	39,608	2
Central	914,189	637,699	637,378	321
Extracurricular activities	45,362	42,544	42,535	9
Total expenditures	13,766,428	12,606,028	12,557,481	48,547
Excess of revenues over expenditures	583,074	1,953,147	2,001,855	48,708
Other financing sources (uses):				
Refund of prior year's expenditures	10,003	7,095	7,091	(4)
Transfers (out)	(469,948)	(502,410)	(502,404)	6
Total other financing sources (uses)	(459,945)	(495,315)	(495,313)	2
Net change in fund balance	123,129	1,457,832	1,506,542	48,710
Fund balance at beginning of year	7,825,204	7,825,204	7,825,204	-
Prior year encumbrances appropriated	801,492	801,492	801,492	-
Fund balance at end of year	$ 8,749,825	$ 10,084,528	$ 10,133,238	$ 48,710

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2019

		Agency
Assets:		
Equity in pooled cash		
and cash equivalents	$	38,504
Receivables:		
Accounts		1,831
Total assets.	$	40,335
Liabilities:		
Due to others.	$	40,335
Total liabilities	$	40,335

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE CENTER

The Tolles Career & Technical Center (the "Center") was organized in 1972 under Section 3311.18 of the Ohio Revised Code. The Center is a fiscally independent political subdivision of the State of Ohio. The Center is governed by a seven member Board of Education. Board of Education members are appointed from the membership of the following seven Boards of Education: Dublin City School District, Fairbanks Local School District, Hilliard City School District, Jefferson Local School District, Jonathan Alder Local School District, London City School District, and Madison-Plains Local School District. The Center had been supported by a 1.6 mill continuing operating levy passed in 1972 and by funds from the State of Ohio Joint Vocational School Foundation Program. At the request of the Center's Board of Education, the Madison County Budget Commission reduced the Center's continuing operating mills to .5 mills effective January, 2003. On November 20, 2006, the Madison County Budget Commission agreed to reinstate the Center's millage to 1.3 mills effective January 1, 2007. In January 2012, the Madison County Budget Commission approved the reinstatement of the remaining portion of the Center's effective millage rate of .3 mills which results in an overall effective rate of 1.6 mills.

The Center provides job training leading to employment upon graduation from high school. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

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

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

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool and with META Solutions, a jointly governed organization. These organizations are presented in Notes 14 and 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

The Center's basic financial statements consist 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 the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements - During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental financial statements is on major funds. 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.

B. Fund Accounting

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

GOVERNMENTAL FUND TYPES

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 balances. The Center has the following major governmental fund:

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

General Fund - This fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Center for any purpose provided it is expended or transferred according to general laws of Ohio.

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

FIDUCIARY FUND TYPES

Fiduciary fund reporting focuses on net position and changes in net position. The Center's fiduciary fund is an agency fund. An agency fund is purely custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The Center's agency fund accounts for student activities.

C. Measurement Focus/Basis of Accounting

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reflects 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 fund statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

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

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

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 the Center must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On the 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 year-end: property taxes available as an advance, tuition, grants, and fees.

Deferred Inflows/Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The Center has one item that qualifies for reporting in this category, deferred charges on pension cost is reported in the government-wide statement of net position. The deferred outflows related to pensions are explained in Notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The Center has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as deferred inflows on the government-wide statement of net position. The deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Notes 11 and 12 for further information.

On the modified accrual basis of accounting, the Center has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

Property taxes for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance year 2020 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources.

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

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

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

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

E. Budgets

The Center is required by State statute to adopt an annual appropriated cash basis budget for all funds except agency funds. The specific timetable for fiscal year 2018 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board-adopted budget is filed with the Madison County Budget Commission for tax rate determination.

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final amended certificate issued for fiscal year 2018.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Although the legal level of budgetary control was established at the fund level of expenditures, the Center has elected to present budgetary statement comparisons at the fund and function level of expenditures. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.

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

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. The Board legally enacted all supplemental appropriations, during fiscal year 2019. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts, including all amendments approved in the fiscal year.

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2019, investments were limited to federal agency securities, negotiable certificates of deposit (CDs), commercial paper, U.S. Government money market funds, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

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

For fiscal year 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, 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.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to $231,646, which includes $22,709 assigned from other Center funds.

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

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

An analysis of the Center's investment accounts at fiscal year-end is provided in Note 4.

G. Inventories

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventories consist of donated and purchased food, and supplies held for resale, and materials and supplies for consumption.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items.

I. Capital Assets

Capital assets generally result from expenditures of 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.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The Center maintains a capitalization threshold of $1,000. The Center does not have any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Building and building improvements	15 - 50 years
Furniture and equipment	5 - 25 years
Vehicles	5 - 15 years
Land improvements	15 - 99 years

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

J. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as due to/other funds. Interfund balances within governmental activities are eliminated on the government wide statement of net position. The Center had no interfund balance at June 30, 2019.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Center will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits as well as those that are 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 the Center's termination policy. The Center records a liability for accumulated unused sick leave for employees age 50 or older after ten years of service.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Capital leases and promissory notes are recognized as a liability on the fund financial statements when due.Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable an the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Transactions

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

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

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

N. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Center Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The Center applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestric29ted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets are recorded net of accumulated depreciation, reduced by the outstanding balance of any borrowing 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 the enabling legislation adopted by the Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

P. Estimates

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

Q. 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 or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Center has no restricted assets.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Fair Value

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2019, the Center has implemented GASB Statement No. 83, "Certain Asset Retirement Obligations" and GASB Statement No. 88, "Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the ESC.

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the ESC; however, certain note disclosures in Note 9 have been modified to conform to the new requirements.

B. Deficit Fund Balances

Fund balances at June 30, 2019 included the following individual fund deficits:

Nonmajor funds	Deficit
Vocational education	$ 33,043

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

NOTE 4 - CASH AND INVESTMENTS

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided that the fair 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 that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

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

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the Center's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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 the Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At June 30, 2019, the Center had $1,450 in cash on hand. This amount is reported as "equity in pooled cash, cash equivalents and investments" on the basic financial statements.

B. Deposits with Financial Institutions

At June 30, 2019, the carrying amount of all Center deposits was $5,108,902 and the bank balance of all District deposits was $5,471,875. Of the bank balance, $250,000 was covered by the FDIC and $5,221,875 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2019, the Center's financial institution was approved for a reduced collateral rate of 100 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

C. Investments

As of June 30, 2019, the Center had the following investments and maturities:

			Investment Maturities			
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Amortized Cost:						
STAR Ohio	$ 53	$ 53	$ -	$ -	$ -	$ -
Fair Value:						
FHLM	747,706	-	-	-	-	747,706
FNMA	587,767	199,682	-	388,085	-	
U.S. Government money market	65,929	65,929	-	-	-	-
Negotiable CDs	3,990,779	246,848	-	247,077	997,883	2,498,971
Commercial paper	1,403,290	1,240,214	163,076	-	-	-
Total	$ 6,795,524	$ 1,752,726	$ 163,076	$ 635,162	$ 997,883	$ 3,246,677

The weighted average maturity of investments is 1.99 years.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The Center's investments in U.S. Government money market accounts are valued using quoted market prices in active markets (Level 1 inputs). The Center's investments in federal agency securities (FHLM, FNMA), commercial paper and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: The Center's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Center's investments in commercial paper were rated A-1+/A-1 and P-1 by Standard & Poor's and Moody's Investor Services. Standard & Poor's has assigned the U.S. Government money market mutual funds and STAR Ohio an AAAm money market rating. The Center's negotiable certificates of deposit were not rated and are insured by FDIC. The Center has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S Treasury securities are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Center's name. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2019:

Measurement/ Investment type	Measurement Amount	% to Total
Amortized Cost:		
STAR Ohio	$ 53	0.00
Fair Value:		
FHLM	747,706	11.00
FNMA	587,767	8.65
U.S. Government money market	65,929	0.97
Negotiable CDs	3,990,779	58.73
Commercial paper	1,403,290	20.65
Total	$ 6,795,524	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2019:

Cash and investments per note	
Carrying amount of deposits	$ 5,108,902
Investments	6,795,524
Cash with fiscal agents	1,450
Total	$ 11,905,876

Cash and investments per statement of net position	
Governmental activities	$ 11,867,372
Agency funds	38,504
Total	$ 11,905,876

NOTE 5 - PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis, while the Center's fiscal year runs from July through June. They include amounts levied against all real, public utility, and tangible personal property located in the Center's boundaries. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20. If paid semi-annually, the first payment is usually due January 20, with the remainder payable June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year proceeding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100 percent of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Center receives property taxes from Madison, Franklin, Union, Delaware and Fayette Counties. Tax settlements are made each February and August for real property and each June and October for personal property taxes.

NOTE 5 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of fiscal year end, and for which there was an enforceable legal claim. Although, total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The receivable is offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2019 was $4,787,870.

On the full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On the modified accrual basis, the revenue is a deferred inflow of resources.

The full tax rate at the fiscal year ended June 30, 2019 for operations was $1.60 per $1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2019 taxes were collected were as follows:

	2018 Second Half Collections		2019 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 7,129,222,880	95.61	$ 7,567,887,750	96.32
Public utility personal	327,527,650	4.39	289,429,120	3.68
Total	$ 7,456,750,530	100.00	$ 7,857,316,870	100.00
Tax rate per $1,000 of assessed valuation	$ 1.60		$ 1.60	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2019 consisted of taxes, interest, accounts (tuition and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of federal funds.

A summary of the receivables follows:

Governmental Activities	Amount
Property taxes	$ 11,731,677
Accounts	495
Interest	18,644
Intergovernmental	58,789
Total Governmental Activities	$ 11,809,605

NOTE 7 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Other governments entered into property tax abatement agreements with property and business owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Career Center. The EZAs and CRA program are directive incentive tax exemption programs benefiting property and business owners who renovate or construct new buildings or bring new jobs into the area. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock, the development of new structures, and economic growth. Within the taxing districts of the Career Center, certain municipal governments located in the counties of Franklin and Madison have entered into such agreements. Under the agreements, the Center's property taxes were reduced by $66,506 in Franklin County and $131,422 in Madison County.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019, was as follows.

	Balance June 30, 2018	Additions	Disposals	Balance June 30, 2019
Governmental Activities				
Nondepreciable capital assets:				
Land	$ 150,000	$ -	$ -	$ 150,000
Total nondepreciable capital assets	150,000	-	-	150,000
Depreciable capital assets:				
Land improvements	104,016	-	-	104,016
Building and building improvements	22,482,599	-	-	22,482,599
Furniture and equipment	8,308,564	87,881	(1,826,874)	6,569,571
Vehicles	282,158	-	-	282,158
Total depreciable capital assets	31,177,337	87,881	(1,826,874)	29,438,344
Accumulated depreciation:				
Land improvements	(23,480)	(2,173)	-	(25,653)
Building and building improvements	(11,454,282)	(532,558)	-	(11,986,840)
Furniture and equipment	(5,369,057)	(357,030)	1,266,872	(4,459,215)
Vehicles	(217,132)	(15,125)	-	(232,257)
Total accumulated depreciation	(17,063,951)	(906,886)	1,266,872	(16,703,965)
Total depreciable capital assets, net	14,113,386	(819,005)	(560,002)	12,734,379
Total governmental activities capital assets, net	$ 14,263,386	$ (819,005)	$ (560,002)	$ 12,884,379

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instructional:	
Regular	$ 17,622
Special	2,622
Vocational	733,317
Adult/continuing	86
Support services:	
Pupil	2,214
Instructional staff	50,791
Administration	759
Fiscal	148
Operation and maintenance of plant	80,722
Pupil transportation	1,894
Central	703
Food Service	16,008
Total depreciation	$ 906,886

NOTE 9 - LONG-TERM OBLIGATIONS

During fiscal year 2019, the following changes occurred in governmental activities long-term obligations.

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due in One Year
Governmental Activities					
Promissory note	$ 1,881,220	$ -	$ (169,905)	$ 1,711,315	$ 176,387
Capital leases payable	125,591	-	(38,573)	87,018	41,775
Net pension liability	15,473,462	-	(1,151,367)	14,322,095	-
Net OPEB liability	3,165,609	1,120	(2,139,764)	1,026,965	-
Compensated absences payable	825,291	262,527	(203,991)	883,827	93,588
Total	$ 21,471,173	$ 263,647	$ (3,703,600)	$ 18,031,220	$ 311,750

Payments of principal and interest relating to the promissory note and the capital lease agreement are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund) and general fund, respectively. Compensated absences are paid from the general fund for all funds except the adult education fund (a nonmajor governmental fund).

See Notes 11 and 12 for further discussion of the net pension liability and the net OPEB liability/asset, respectively.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

On February 19, 2016 the Board of Education entered into a promissory note with the Richwood Banking Company for $2,254,610 in order to fund an energy conservation project. The note carries an interest rate of 3.75%. The note will mature on November 20, 2027. At June 30, 2019, the Center has capitalized assets with a carrying value of $551,585, that were related to the project.

The promissory note is considered a direct borrowing. Direct borrowings have terms negotiated directly between the Center and the lender and are not offered for public sale. In the event of default, the interest rate on this note will be increased by 5%; however, in no event will the interest rate exceed the maximum interest rate limitations under applicable law. Upon default, Richwood Banking may declare the entire unpaid principal balance under this note and all accrued unpaid interest immediately due.

The following is a schedule of the future annual debt service requirements for the promissory note.

Fiscal Year	Principal	Interest
2020	$ 176,387	$ 61,194
2021	183,116	54,465
2022	190,102	47,479
2023	197,355	40,226
2024	204,884	32,697
2025-2028	759,471	51,731
Total	$ 1,711,315	$ 287,792

NOTE 10 - CAPITAL LEASES

In a prior fiscal year, the Center entered into a lease agreement for copiers. The terms of this lease agreement provide an option to purchase the asset.

Capital lease payments have been reclassified and are reflected as debt service expenditures on the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Governmental capital assets acquired by lease have been capitalized in an amount equal to the present value of the future minimum payments as of the dates of their inception. A corresponding liability has been recorded and is presented as a component of long-term liabilities on the statement of net position. During fiscal year 2019, principal payments equaled $38,573 and interest payments equaled $8,653 paid from the general fund. These amounts are reflected as debt service expenditures in the fund financial statements.

NOTE 10 - CAPITAL LEASES – (Continued)

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments of June 30, 2019:

Year	Governmental Activities
2020	$ 47,227
2021	47,227
Total	94,454
Less: Amount representing interest	(7,436)
Present value of net minimum lease payments	$ 87,018

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the Center's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Center is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2019, the allocation to pension, death benefits, and Medicare B was 13.5%. The remaining 0.5% of the employer contribution rate was allocated to the Health Care Fund.

The Center's contractually required contribution to SERS was $157,000 for fiscal year 2019. Of this amount, $3,512 is reported as pension and postemployment benefits payable.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. For the DB Plan, from August 1, 2015–July 1, 2017, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 26 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2017–July 1, 2019, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The Center was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The Center's contractually required contribution to STRS was $871,090 for fiscal year 2019. Of this amount, $119,624 is reported as pension and postemployment benefits 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.04092930%	0.05484281%	
Proportion of the net pension liability current measurement date	0.03963840%	0.05481201%	
Change in proportionate share	-0.00129090%	-0.00003080%	
Proportionate share of the net pension liability	$ 2,270,165	$ 12,051,930	$ 14,322,095
Pension expense	$ 25,375	$ 1,254,336	$ 1,279,711

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2019, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 124,506	$ 278,194	$ 402,700
Changes of assumptions	51,264	2,135,830	2,187,094
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	12,142	370,799	382,941
Center contributions subsequent to the measurement date	157,000	871,090	1,028,090
Total deferred outflows of resources	$ 344,912	$ 3,655,913	$ 4,000,825

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 78,707	$ 78,707
Net difference between projected and actual earnings on pension plan investments	62,899	730,817	793,716
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	258,096	171,827	429,923
Total deferred inflows of resources	$ 320,995	$ 981,351	$ 1,302,346

$1,028,090 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	$ 27,448	$ 1,130,252	$ 1,157,700
2021	(66,740)	812,554	745,814
2022	(74,501)	22,744	(51,757)
2023	(19,290)	(162,078)	(181,368)
Total	$ (133,083)	$ 1,803,472	$ 1,670,389

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2018, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. 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%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Center's proportionate share of the net pension liability	$ 3,197,698	$ 2,270,165	$ 1,492,490

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation are presented below:

	July 1, 2018
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.0%, effective July 1, 2017

For the July 1, 2018, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2018.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Center's proportionate share of the net pension liability	$ 17,600,258	$ 12,051,930	$ 7,356,024

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions–between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

NOTE 12 - DEFINED BENFIT OPEB PLANS - (Continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was $21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the Center's surcharge obligation was $4,424.

NOTE 12 - DEFINED BENFIT OPEB PLANS - (Continued)

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $10,239 for fiscal year 2019. Of this amount, $4,554 is reported as and postemployment benefits 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, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, 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, 2018, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability/asset was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.03822450%	0.05484281%	
Proportion of the net OPEB liability current measurement date	0.03701750%	0.05481201%	
Change in proportionate share	-0.00120700%	-0.00003080%	
Proportionate share of the net			
OPEB liability	$ 1,026,965	$ -	$ 1,026,965
OPEB asset	$ -	$ (880,773)	$ (880,773)
OPEB expense	$ (17,532)	$ (1,915,886)	$ (1,933,418)

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2019, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 16,763	$ 102,876	$ 119,639
Center contributions subsequent to the measurement date	10,239	-	10,239
Total deferred outflows of resources	$ 27,002	$ 102,876	$ 129,878

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 51,317	$ 51,317
Net difference between projected and actual earnings on pension plan investments	1,540	100,621	102,161
Changes of assumptions	92,266	1,200,125	1,292,391
Difference between Center contributions and proportionate share of contributions/ change in proportionate share	154,489	27,762	182,251
Total deferred inflows of resources	$ 248,295	$ 1,379,825	$ 1,628,120

$10,239 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2019	$ (105,779)	$ (229,167)	$ (334,946)
2020	(83,469)	(229,167)	(312,636)
2021	(12,816)	(229,166)	(241,982)
2022	(12,162)	(206,315)	(218,477)
2023	(12,268)	(198,299)	(210,567)
Thereafter	(5,038)	(184,835)	(189,873)
Total	$ (231,532)	$ (1,276,949)	$ (1,508,481)

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2018, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.62%
Prior measurement date	3.56%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.70%
Prior measurement date	3.63%
Medical trend assumption:	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70%. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2026. 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, 2025 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62%, as of June 30, 2018 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.56% was used as of June 30, 2017. 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.

NOTE 12 - DEFINED BENFIT OPEB PLANS - (Continued)

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.5% decreasing to 3.75%) and higher (8.5% decreasing to 5.75%) than the current rate.

	1% Decrease (2.63%)	Current Discount Rate (3.63%)	1% Increase (4.63%)
Center's proportionate share of the net OPEB liability	$ 1,246,142	$ 1,026,965	$ 853,419

	1% Decrease (6.5 % decreasing to 4.0 %)	Current Trend Rate (7.5 % decreasing to 5.0 %)	1% Increase (8.5 % decreasing to 6.0 %)
Center's proportionate share of the net OPEB liability	$ 828,573	$ 1,026,965	$ 1,289,673

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2018, actuarial valuation, compared with July 1, 2017, are presented below:

	July 1, 2018		July 1, 2017
Inflation	2.50%		2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation
Payroll increases	3.00%		3.00%
Cost-of-living adjustments (COLA)	0.00%		0.00%, effective July 1, 2017
Discounted rate of return	7.45%		N/A
Blended discount rate of return	N/A		4.13%
Health care cost trends			6 to 11% initial, 4.50% ultimate
	Initial	Ultimate	
Medical			
Pre-Medicare	6.00%	4.00%	
Medicare	5.00%	4.00%	
Prescription Drug			
Pre-Medicare	8.00%	4.00%	
Medicare	-5.23%	4.00%	

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Actuarial assumptions used in the June 30, 2018, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

Benefit Term Changes Since the Prior Measurement Date - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% 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.

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

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

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

** The Target Allocation percentage is effective as of July 1, 2017. Target weights will be phased in over a 24-month period concluding on July 1, 2019.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2018. A discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2017. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2018.

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2018, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower 6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Center's proportionate share of the net OPEB asset	$ 754,905	$ 880,773	$ 986,559

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 980,587	$ 880,773	$ 779,404

NOTE 13 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only administrative and twelve month school support personnel accumulate vacation based on the following factors:

Years of Service	Vacation Days
After 1 Year	10
5 or more Years	15
10 or more Years	20

All administrative personnel earn twenty days vacation annually.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees is 335 days. Upon retirement, all employees with 20 years of service to the Center receive 27% of accumulated sick leave. All other qualified employees receive 25% of accumulated sick leave.

NOTE 14 - RISK MANAGEMENT

A. General Risk

The Center is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Center has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of $3,000,000 for each occurrence and $5,000,000 in the aggregate.

The Center maintains fleet insurance in the amount of $3,000,000 for any one accident or loss. The Center maintains replacement cost insurance on buildings and contents in the amount of $59,045,734 (subject to scheduled limits). The Center maintains other property insurance for valuable papers, electronic data processing equipment, and mechanical, electrical and pressure equipment. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions of coverage from the prior years.

B. Workers' Compensation-Public Entity Risk Pool

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

The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Insurance

The Center provides life insurance and accidental death and dismemberment insurance to its employees through the Metropolitan Educational Council insurance purchasing program. The Center has elected to provide employee health coverages through membership in the Southwestern Ohio Educational Purchasing Council. Medical/surgical benefits are through United HealthCare, Prescription drug coverage through CVSCaremark, dental benefits through Delta Dental and Vision insurance through VSP.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions
The Center is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), and Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from twelve of the member districts. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

NOTE 16 - COMMITMENTS

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

Fund	Year-End
General fund	$ 222,308
Other governmental	10,982
Total	$ 233,290

NOTE 17 - STATUTORY RESERVES

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

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

	Capital Improvements
Set-aside balance June 30, 2018	$ -
Current year set-aside requirement	134,693
Excess qualified expenditures from prior years	(716,772)
Total	$ (582,079)
Balance carried forward to fiscal year 2020	$ -
Set-aside balance June 30, 2019	$ -

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to an assignment of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

(d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General fund
Budget basis	$ 1,506,542
Net adjustment for revenue accruals	216,917
Net adjustment for expenditure accruals	633,567
Net adjustment for other sources/uses	(7,091)
Funds budgeted elsewhere	25,102
Adjustment for encumbrances	(342,768)
GAAP basis	$ 2,032,269

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

NOTE 19 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2019 consisted of the following, as reported on the fund financial statements:

Transfers from:	Transfers to:	Amount
General Fund	Nonmajor governmental funds:	
	Adult education special revenue	$ 25,639
	Food service fund	39,184
	Debt service fund	237,581
	Special building capital projects fund	200,000
	Total transfers	$ 502,404

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

Interfund transfers between governmental funds are eliminated on the government-wide financial statements. No interfund transfers are reported on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 20 - CONTINGENCIES

A. Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2019.

B. Litigation

There are currently no matters in litigation with the Center as plaintiff or defendant.

C. Foundation Funding

Center 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, the Center owes a net amount of $13,522 to ODE for adjustments related to fiscal year 2019. This amount has been included in the financial statements.

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.03963840%	0.04092930%	0.04836520%	0.04728010%	0.04867200%	0.04867200%
Center's proportionate share of the net pension liability	$ 2,270,165	$ 2,445,435	$ 3,539,886	$ 2,697,848	$ 2,463,262	$ 2,894,268
Center's covered payroll	$ 1,273,526	$ 1,370,500	$ 1,500,364	$ 1,423,376	$ 1,414,300	$ 1,516,900
Center's proportionate share of the net pension liability as a percentage of its covered payroll	178.26%	178.43%	235.94%	189.54%	174.17%	190.80%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2019	2018	2017	2016	2015	2014
Center's proportion of the net pension liability	0.05481201%	0.05484281%	0.05554080%	0.05231056%	0.52677540%	0.05267754%
Center's proportionate share of the net pension liability	$ 12,051,930	$ 13,028,027	$ 18,591,180	$ 14,457,109	$ 12,813,001	$ 15,262,763
Center's covered payroll	$ 6,233,936	$ 6,016,536	$ 5,920,707	$ 5,457,729	$ 5,382,192	$ 5,485,200
Center's proportionate share of the net pension liability as a percentage of its covered payroll	193.33%	216.54%	314.00%	264.89%	238.06%	278.25%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 157,000	$ 171,926	$ 191,870	$ 210,051	$ 187,601	$ 196,022	$ 209,939	$ 196,818	$ 181,232	$ 188,275
Contributions in relation to the contractually required contribution	(157,000)	(171,926)	(191,870)	(210,051)	(187,601)	(196,022)	(209,939)	(196,818)	(181,232)	(188,275)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 1,162,963	$ 1,273,526	$ 1,370,500	$ 1,500,364	$ 1,423,376	$ 1,414,300	$ 1,516,900	$ 1,463,331	$ 1,441,782	$ 1,390,510
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 871,090	$ 872,751	$ 842,315	$ 828,899	$ 764,082	$ 699,685	$ 713,076	$ 717,572	$ 726,018	$ 745,911
Contributions in relation to the contractually required contribution	(871,090)	(872,751)	(842,315)	(828,899)	(764,082)	(699,685)	(713,076)	(717,572)	(726,018)	(745,911)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 6,222,071	$ 6,233,936	$ 6,016,536	$ 5,920,707	$ 5,457,729	$ 5,382,192	$ 5,485,200	$ 5,519,785	$ 5,584,754	$ 5,737,777
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	2018	2017
Center's proportion of the net OPEB liability	0.03701750%	0.03822450%	0.04530366%
Center's proportionate share of the net OPEB liability	$ 1,026,965	$ 1,025,845	$ 1,291,322
Center's covered payroll	$ 1,273,526	$ 1,370,500	$ 1,500,364
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	80.64%	74.85%	86.07%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	2019	2018	2017
Center's proportion of the net OPEB liability/asset	0.05481201%	0.05484281%	0.05554080%
Center's proportionate share of the net OPEB liability/(asset)	$ (880,773)	$ 2,139,764	$ 2,970,336
Center's covered payroll	$ 6,233,936	$ 6,016,536	$ 5,920,707
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	14.13%	35.56%	50.17%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.33%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ 10,239	$ 12,174	$ 5,526	$ 7,010	$ 18,005	$ 20,752	$ 23,161	$ 51,492	$ 70,850	$ 70,850
Contributions in relation to the contractually required contribution	(10,239)	(12,174)	(5,526)	(7,010)	(18,005)	(20,752)	(23,161)	(51,492)	(70,850)	(70,850)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 1,162,963	$ 1,273,526	$ 1,370,500	$ 1,500,364	$ 1,423,376	$ 1,414,300	$ 1,516,900	$ 1,463,331	$ 1,441,782	$ 1,390,510
Contributions as a percentage of covered payroll	0.88%	0.96%	0.40%	0.47%	0.82%	1.47%	1.53%	3.52%	4.91%	5.10%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

TOLLES CAREER AND TECHNICAL CENTER
MADISON COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ 55,583	$ 54,048	$ 54,601	$ 52,906	$ 53,365
Contributions in relation to the contractually required contribution	-	-	-	-	-	(55,583)	(54,048)	(54,601)	(52,906)	(53,365)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Center's covered payroll	$ 6,222,071	$ 6,233,936	$ 6,016,536	$ 5,920,707	$ 5,457,729	$ 5,382,192	$ 5,485,200	$ 5,519,785	$ 5,584,754	$ 5,737,777
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2019.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2019.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

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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*

December 20, 2019

Tolles Career and Technical Center
Madison County
7877 US Highway 42 South
Plain City, Ohio 43064

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 **Tolles Career and Technical Center**, Madison County, (the Center) as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

OHIO AUDITOR OF STATE
KEITH FABER

TOLLES CAREER AND TECHNICAL CENTER

MADISON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 4, 2020