



OHIO AUDITOR OF STATE
KEITH FABER



**TRI-COUNTY CAREER CENTER
ATHENS COUNTY
JUNE 30, 2019**

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**TRI-COUNTY CAREER CENTER
ATHENS COUNTY
JUNE 30, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Tri-County Career Center
Washington County
15676 State Route 691
Nelsonville, Ohio 45764

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Career 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 Career 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 Career 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio, as of June 30, 2019, and the respective changes in financial position and where applicable, cash flows, thereof 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 other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020, on our consideration of the Career 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 Career Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 10, 2020

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

The discussion and analysis of the Tri-County Career Center's (the "Career Center") financial performance provides an overview and analysis of the Career Center's financial activities for the fiscal year ended June 30, 2019. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Career Center's financial performance.

Financial Highlights

- Total assets and deferred outflows of resources of the Career Center exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$1,603,856. This balance was comprised of \$3,124,090 in net investment in capital assets, \$809,881 in net position restricted for specific purposes, and a deficit balance of \$2,330,115 in unrestricted net position.
- In total, net position of governmental activities increased by \$1,910,222, which represents a 623.51 percent increase from 2018. Net position of the business-type activities increased \$165,979, which represents a 149.92 percent increase from 2018.
- General revenues accounted for \$8,676,726 or 91.77 percent of all revenues of governmental activities. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$778,029 or 8.23 percent of total revenues of \$9,454,755 for the governmental activities.
- The Career Center had \$7,519,533 in expenses related to governmental activities; only \$778,029 of these expenses was offset by program specific charges for services and sales, grants and contributions. General revenues (primarily taxes and grants and entitlements) of \$8,676,726 were used to provide for the remainder of these programs.
- The Career Center had \$429,415 in expenses related to business-type activities; 100 percent of these expenses was offset by program specific charges for services and sales, grants and contributions.
- The Career Center recognizes two major governmental funds: the General Fund and Permanent Improvement Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the Career Center combined. The General Fund had \$8,661,495 in revenues and \$7,104,457 in expenditures in fiscal year 2019.
- The Career Center recognizes one major proprietary fund: the Adult Education Fund. In terms of dollars received and spent, the Adult Education Fund is significantly larger than all the other proprietary funds of the Career Center combined. The Adult Education Fund had \$256,198 in operating revenues and \$367,706 in operating expenses in fiscal year 2019.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the Career Center's basic financial statements. The Career Center's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Reporting the Career Center as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Career Center's finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career Center's finances and a longer-term view of those finances. These statements include all assets, liabilities and deferred outflows and inflows of resources using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The Statement of Net Position presents information on all of the Career Center's assets and deferred outflows of resources and liabilities and deferred inflows of resources with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the Career Center as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the Career Center's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the Career Center's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the Career Center's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the Career Center's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes and intergovernmental revenues, including federal and state grants and other shared revenues.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Career Center's uniform school supplies, rotary and adult education operations are reported as business-type activities.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The Career Center, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Career Center can be divided into one of three categories: governmental, proprietary and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

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 governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-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 facilitate this comparison between governmental funds and governmental activities.

Proprietary Funds

Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the Career Center as a whole.

Fiduciary Funds

The Career Center's only fiduciary fund is an agency fund. We exclude these activities from the Career Center's other financial statements because the Career Center cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary 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.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Government-Wide Financial Analysis

Recall that the statement of net position provides the perspective of the Career Center as a whole, showing assets, liabilities and deferred inflows of resources and the difference between them (net position). Table 1 provides a summary of the Career Center's net position for 2019 compared to fiscal year 2018:

Table 1
Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets:</u>						
Current and Other Assets	\$11,168,672	\$9,369,230	\$649,857	\$540,316	\$11,818,529	\$9,909,546
Capital Assets, net	3,124,090	2,961,825	49,446	66,574	3,173,536	3,028,399
<i>Total Assets</i>	<u>14,292,762</u>	<u>12,331,055</u>	<u>699,303</u>	<u>606,890</u>	<u>14,992,065</u>	<u>12,937,945</u>
<u>Deferred Outflows of Resources:</u>						
Pension	2,452,694	2,687,581	103,353	179,456	2,556,047	2,867,037
OPEB	132,087	72,747	3,572	3,512	135,659	76,259
<i>Total Deferred Outflows of Resources</i>	<u>2,584,781</u>	<u>2,760,328</u>	<u>106,925</u>	<u>182,968</u>	<u>2,691,706</u>	<u>2,943,296</u>
<u>Liabilities:</u>						
Current and Other Liabilities	783,822	726,967	10,767	11,716	794,589	738,683
Long-Term Liabilities:						
Due Within One Year	102,330	93,150	4,872	4,430	107,202	97,580
Due in More Than One Year:						
Net Pension Liability	8,279,924	8,502,748	376,823	523,807	8,656,747	9,026,555
Net OPEB Liability	869,722	1,910,903	87,254	142,151	956,976	2,053,054
Other Amounts	304,267	278,804	1,771	1,279	306,038	280,083
<i>Total Liabilities</i>	<u>10,340,065</u>	<u>11,512,572</u>	<u>481,487</u>	<u>683,383</u>	<u>10,821,552</u>	<u>12,195,955</u>
<u>Deferred Inflows of Resources:</u>						
Property Taxes	3,420,379	3,037,259	0	0	3,420,379	3,037,259
Pension	720,519	633,925	217,844	202,016	938,363	835,941
OPEB	792,724	213,993	51,628	15,169	844,352	229,162
<i>Total Deferred Inflows of Resources</i>	<u>4,933,622</u>	<u>3,885,177</u>	<u>269,472</u>	<u>217,185</u>	<u>5,203,094</u>	<u>4,102,362</u>
<u>Net Position:</u>						
Investment in Capital Assets	3,124,090	2,961,825	49,446	66,574	3,173,536	3,028,399
Restricted	809,881	296,663	0	0	809,881	296,663
Unrestricted	(2,330,115)	(3,564,854)	5,823	(177,284)	(2,324,292)	(3,742,138)
<i>Total Net Position</i>	<u>\$1,603,856</u>	<u>(\$306,366)</u>	<u>\$55,269</u>	<u>(\$110,710)</u>	<u>\$1,659,125</u>	<u>(\$417,076)</u>

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
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The net pension liability (NPL) is the largest single liability reported by the Career Center at June 30, 2019 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems 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 to equal the Career Center's proportionate share of each plan's collective:

1. Present value of estimated future pension 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 Career 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.

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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 Career 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.

Current and other assets increased \$1,908,983 or 19.26 percent from fiscal year 2018. This increase is mostly the result of increases in cash and cash equivalents held by the Career Center and property taxes receivables.

Capital assets increased \$145,137 or 4.79 percent, primarily, the result of additions to buildings and improvements and equipment, which exceeded depreciation for the year.

Long term liabilities decreased \$1,430,309 or 12.48 percent, as a result of a decrease in net pension and OPEB liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Notes 11 and 12.

Current (other) liabilities increased \$55,906 due primarily to an increase in contracts payable.

The net position of the Career Center's governmental activities increased \$1,910,222 or 623.51 percent, which is primarily due to the decreases in liabilities and expenses related to the net position and OPEB actuarial measurements done by the retirement systems. The net position of the Career Center's business-type activities increased \$165,979 or 149.92 percent. This change is mostly due to the adult education program, and is also the result of the net pension and OPEB measurements mentioned previously.

The Career Center's largest portion of net position is related to amounts in investment in capital assets. The Career Center used these capital assets to provide services to students; consequently, these assets are not available for future spending.

The Career Center's smallest portion of net position is unrestricted, and carries a deficit balance of \$2,330,115. Unrestricted net position represents resources that may be used to meet the Career Center's ongoing obligations to its students and creditors.

The remaining balance of \$809,881 is restricted assets. The restricted net position is subject to external restrictions on how they may be used.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2019, and provides a comparison to fiscal year 2018.

Table 2

Changes In Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Revenues:</u>						
<i>Program Revenues:</i>						
Charges for Services and Sales	\$61,870	\$48,102	\$330,853	\$439,097	\$392,723	\$487,199
Operating Grants and Contributions	716,159	835,590	235,306	245,126	951,465	1,080,716
<i>General Revenues:</i>						
Property Taxes	4,259,606	3,588,921	0	0	4,259,606	3,588,921
Unrestricted Grants and Entitlements	4,101,712	3,965,259	0	0	4,101,712	3,965,259
Tuition and Fees	89,668	79,101	0	0	89,668	79,101
Investment Earnings	146,429	75,817	0	0	146,429	75,817
Miscellaneous	79,311	67,893	4,235	3,905	83,546	71,798
<i>Total Revenues</i>	<u>9,454,755</u>	<u>8,660,683</u>	<u>570,394</u>	<u>688,128</u>	<u>10,025,149</u>	<u>9,348,811</u>

(Continued)

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 2

Changes In Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Expenses:</u>						
<i>Program Expenses:</i>						
<i>Instruction:</i>						
Regular	62,403	74,531	0	0	62,403	74,531
Vocational	4,271,745	1,957,934	0	0	4,271,745	1,957,934
Adult/Continuing	145,968	204,549	0	0	145,968	204,549
<i>Support Services:</i>						
Pupils	153,107	59,400	0	0	153,107	59,400
Instructional Staff	226,556	158,676	0	0	226,556	158,676
Board of Education	90,264	86,314	0	0	90,264	86,314
Administration	809,239	485,169	0	0	809,239	485,169
Fiscal	440,934	292,625	0	0	440,934	292,625
Business	90,578	61,271	0	0	90,578	61,271
Operation and Maintenance of Plant	862,139	725,488	0	0	862,139	725,488
Pupil Transportation	7,631	10,914	0	0	7,631	10,914
Central	118,790	83,628	0	0	118,790	83,628
Operation of Non-Instructional Services	230,103	151,714	0	0	230,103	151,714
Extracurricular Activities	10,076	2,701	0	0	10,076	2,701
Adult Education	0	0	368,786	334,871	368,786	334,871
Rotary	0	0	32,569	28,155	32,569	28,155
Uniform School Supplies	0	0	28,060	28,827	28,060	28,827
<i>Total Expenses</i>	<u>7,519,533</u>	<u>4,354,914</u>	<u>429,415</u>	<u>391,853</u>	<u>7,948,948</u>	<u>4,746,767</u>
<i>Excess Revenues (Expenses)</i>						
Before Transfers	1,935,222	4,305,769	140,979	296,275	2,076,201	4,602,044
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
<i>Changes in Net Position</i>	1,910,222	4,280,769	165,979	321,275	2,076,201	4,602,044
Net Position at Beginning of Year	(306,366)	(4,587,135)	(110,710)	(431,985)	(417,076)	(5,019,120)
Net Position at End of Year	<u>\$1,603,856</u>	<u>(\$306,366)</u>	<u>\$55,269</u>	<u>(\$110,710)</u>	<u>\$1,659,125</u>	<u>(\$417,076)</u>

TRI-COUNTY CAREER CENTER
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For the Fiscal Year Ended June 30, 2019
(Unaudited)

The most significant program expenses for the Career Center's governmental activities are Vocational Instruction, Operation and Maintenance of Plant, Administration and Fiscal. These program expenses account for 84.90 percent of the total governmental activity expenses. Vocational Instruction, which accounts for 56.81 percent of the total, represents costs associated with providing instructional activities designed to prepare students to enter into the workforce with education in a trade or technical skills. Operation and Maintenance of Plant, which represents 11.46 percent of the total, represents costs associated with operating and maintaining the Career Center's facilities. Administration, which accounts for 10.76 percent of the total, represents costs associated with the overall administrative responsibility for each building and the Career Center as a whole. Fiscal, which represents 5.86 percent of the total, represents cost associated with activities concerned with the financial operation of the Career Center.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs account for 88.44 percent of total revenues for governmental activities.

As noted previously, the net position for the governmental activities increased \$1,910,222 or 623.51 percent. Governmental Activities revenue increased \$794,072 or 9.17 percent from last year and expenses increased \$3,164,619 or 72.68 percent from last year.

The District had a program revenue decrease of \$105,663 and an increase in general revenue of \$899,735. The decrease in program revenue is due primarily to a decrease in operating grants and the increase in general revenue is due mostly to a increase in property taxes and unrestricted grants.

The total expenses for governmental activities increased \$3,164,619 or 72.68 percent, primarily due to increases in vocational instruction, operation and maintenance of plant and administration support services. The large increase in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in significant increases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

The most significant program expense for the Career Center's business-type activities is Adult Education. This program, which accounts for 85.88 percent of the total business-type activities, represents costs associated with providing instructional activities that are designed to develop basic education and job training for adults. All of the funding for this program comes from tuition, classroom fees, grants and contributions.

The net position for the business-type activities increased \$165,979 or 149.92 percent. Total revenues decreased \$117,734 or 17.11 percent from last year and expenses increased \$37,562 or 9.59 percent from last year.

The District had a program revenue decrease for business-type activity of \$118,064 and an increase in general revenue of \$330. The decrease in program revenue is due primarily to a decrease in charges for services in the Adult Education Program.

The total expenses for business-type activities increased \$37,562 or 9.59 percent, primarily due to an increase in adult education. The large decrease in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in significant increases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Governmental Activities

Over the past several fiscal years, the Career Center has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The Career Center is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 45.05 percent and intergovernmental revenue made up 50.96 percent of the total revenue for the governmental activities in fiscal year 2019.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 2 mills. The Career Center's effective millage rate is currently at 2.0, while the operating millage rate is currently at 3.30 mills.

The Career Center's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2019, the Career Center received \$3,575,305 through the State's foundation program, which represents 37.81 percent of the total revenue for the governmental activities. The Career Center relies on this state funding to operate at the current levels of service.

Instruction accounts for 58.24 percent of governmental activities program expenses. Support services expenses make up 37.23 percent of governmental activities expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities include the rotary activities, the uniform school supplies and the adult education program. These programs had program revenues of \$566,159 and expenses of \$429,415 for fiscal year 2019. Over 58.44 percent of those program revenues were from charges for services for tuition and classroom materials and fees in the adult education program.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

Table 3 shows the total cost of services and the net cost of services for fiscal year 2019 and a comparison to fiscal year 2018. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

Net Cost of Activities

	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
Program Expenses:				
<i>Governmental Activities:</i>				
Instruction	\$4,480,116	\$4,015,544	\$2,237,014	\$1,677,099
Support Services	2,799,238	2,709,298	1,963,485	1,861,742
Operation of Non-Instructional Services	230,103	6,586	151,714	(70,320)
Extracurricular Activities	10,076	10,076	2,701	2,701
<i>Business-Type Activities:</i>				
Adult Education	368,786	(119,525)	334,871	(291,056)
Rotary	32,569	(15,491)	28,155	1,973
Uniform School Supplies	28,060	(1,728)	28,827	(3,287)
Total Expenses	<u>\$7,948,948</u>	<u>\$6,604,760</u>	<u>\$4,746,767</u>	<u>\$3,178,852</u>

The Career Center's Funds

The Career Center's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of \$10,563,117 and expenditures and other financing uses of \$9,707,500.

Total governmental funds fund balance increased by \$855,617. The increase in fund balance for the year was most significant in the Permanent Improvement Fund, which increased \$473,113 or 249.23 percent. The increase was the result of transfers in that exceeded expenditures during 2019.

Budget Highlights - General Fund

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

During the course of the fiscal year, the Career Center amended its General Fund budget several times. The Career Center uses a modified program-based budget technique that is designed to control program budgets while providing administrators and supervisors flexibility for program management.

The Career Center prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

For the General Fund, the final budget basis revenue was \$8,442,162 representing an increase of \$314,980 from the original budget estimates of \$8,127,182. For the General Fund, the final budget basis expenditures were \$7,573,020 representing an increase of \$124,053 from the original budget estimates of \$7,448,967. The final budget basis expenditures reflected a 1.67 percent increase from the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2019, the Career Center had \$10,848,661 invested in capital assets in the governmental activities and \$342,421 in the business-type activities. These totals carry accumulated depreciation of \$7,724,571 and \$292,975, respectively. Table 4 shows fiscal year 2019 balances compared to fiscal year 2018.

Table 4

Capital Assets & Accumulated Depreciation at Year End

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<i>Nondepreciable Capital Assets:</i>				
Land	\$34,308	\$34,308	\$0	\$0
Construction In Progress	557,906	359,795	0	0
<i>Total Nondepreciable Capital Assets</i>	<u>592,214</u>	<u>394,103</u>	<u>0</u>	<u>0</u>
<i>Depreciable Capital Assets:</i>				
Buildings and Improvements	5,287,501	5,209,510	0	0
Land Improvements	473,506	473,506	0	0
Furniture, Fixtures and Equipment	3,881,912	3,936,616	342,421	371,453
Vehicles	613,528	627,301	0	0
<i>Total Capital Assets</i>	<u>10,848,661</u>	<u>10,641,036</u>	<u>342,421</u>	<u>371,453</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(3,934,727)	(3,900,175)	0	0
Land Improvements	(69,054)	(45,378)	0	0
Furniture, Fixtures and Equipment	(3,233,973)	(3,218,154)	(292,975)	(304,879)
Vehicles	(486,817)	(515,504)	0	0
<i>Total Accumulated Depreciation</i>	<u>(7,724,571)</u>	<u>(7,679,211)</u>	<u>(292,975)</u>	<u>(304,879)</u>
Capital Assets, Net	<u>\$3,124,090</u>	<u>\$2,961,825</u>	<u>\$49,446</u>	<u>\$66,574</u>

TRI-COUNTY CAREER CENTER
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019
(Unaudited)

More detailed information pertaining to the Career Center's capital asset activity can be found in Note 9 of the notes to the basic financial statements.

Debt Administration

At June 30, 2019, the Career Center had no general obligation debt outstanding.

Detailed information pertaining to the Career Center's only long-term liability activity can be found in Note 14 of the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth area, the Career Center is financially stable, and has been over the past several years. Administrators and staff are cognizant of the entity's vulnerability due to the economy's instability. The Board of Education and administrators continue to closely monitor both revenues and expenses in order to strike a balance between the two. Careful financial planning has permitted the Career Center to provide a quality education for our students.

Tri-County Career Center receives over half of its total General Fund revenue from the Ohio Department of Education. The career-technical education formula was significantly altered by the biennial budget which took effect during the 2017 fiscal period.

The five-year forecast projects positive carryover balances in the General Fund for the next five years. This is contingent on maintaining consistent enrollment.

The Career Center's systems of budgeting and internal controls are well regarded. The Career Center's healthy financial reserves will help the Career Center continue to serve its mission. The Career Center's focus on sustainability has resulted in the Career Center maintaining solid finances, while also improving facilities and overall academic achievement.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it received. If you have any questions about this report or need additional information contact Rodney Schilling, Treasurer of Tri-County Career Center, 15676 State Route 691, Nelsonville, OH 45764.

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TRI-COUNTY CAREER CENTER

Statement of Net Position

June 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,092,137	\$628,014	\$6,720,151
Property Taxes Receivable	4,462,928	0	4,462,928
Accounts Receivable	3,083	8,395	11,478
Intergovernmental Receivable	116,153	0	116,153
Materials and Supplies Inventory	29,718	0	29,718
Nondepreciable Capital Assets	592,214	0	592,214
Depreciable Capital Assets, Net	2,531,876	49,446	2,581,322
Net OPEB Asset	464,653	13,448	478,101
<i>Total Assets</i>	<u>14,292,762</u>	<u>699,303</u>	<u>14,992,065</u>
<u>Deferred Outflows of Resources:</u>			
Pension	2,452,694	103,353	2,556,047
OPEB	132,087	3,572	135,659
<i>Total Deferred Outflows of Resources</i>	<u>2,584,781</u>	<u>106,925</u>	<u>2,691,706</u>
<u>Liabilities:</u>			
Contracts Payable	50,293	0	50,293
Accrued Wages and Benefits	633,379	10,582	643,961
Matured Compensated Absences Payable	657	0	657
Intergovernmental Payable	99,493	185	99,678
<i>Long-Term Liabilities:</i>			
Due within One Year	102,330	4,872	107,202
Due in More Than One Year:			
Net Pension Liability	8,279,924	376,823	8,656,747
Net OPEB Liability	869,722	87,254	956,976
Other Amounts Due in More Than One Year	304,267	1,771	306,038
<i>Total Liabilities</i>	<u>10,340,065</u>	<u>481,487</u>	<u>10,821,552</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	3,420,379	0	3,420,379
Pension	720,519	217,844	938,363
OPEB	792,724	51,628	844,352
<i>Total Deferred Inflows of Resources</i>	<u>4,933,622</u>	<u>269,472</u>	<u>5,203,094</u>
<u>Net Position:</u>			
Investment in Capital Assets	3,124,090	49,446	3,173,536
<i>Restricted for:</i>			
Capital Outlay	662,944	0	662,944
Other Purposes	146,937	0	146,937
Unrestricted	(2,330,115)	5,823	(2,324,292)
<i>Total Net Position</i>	<u>\$1,603,856</u>	<u>\$55,269</u>	<u>\$1,659,125</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Activities
For the Fiscal Year Ended June 30, 2019

	Program Revenues		
Expenses	Charges for Services and Sales	Operating Grants and Contributions	
<u>Governmental Activities:</u>			
<i>Instruction:</i>			
Regular	\$62,403	\$0	\$81,903
Vocational	4,271,745	0	226,788
Adult/Continuing	145,968	0	155,881
<i>Support Services:</i>			
Pupils	153,107	0	0
Instructional Staff	226,556	0	0
Board of Education	90,264	0	0
Administration	809,239	0	0
Fiscal	440,934	0	0
Business	90,578	0	0
Operation and Maintenance of Plant	862,139	0	0
Pupil Transportation	7,631	0	0
Central	118,790	0	89,940
<i>Operation of Non-Instructional Services:</i>			
Food Services	229,406	61,870	161,647
Other	697	0	0
Extracurricular Activities	10,076	0	0
<i>Total Governmental Activities</i>	7,519,533	61,870	716,159
<u>Business-Type Activities:</u>			
Adult Education	368,786	253,005	235,306
Rotary	32,569	48,060	0
Uniform School Supplies	28,060	29,788	0
<i>Total Business-Type Activities</i>	429,415	330,853	235,306
<i>Totals</i>	\$7,948,948	\$392,723	\$951,465

General Revenues:

Property Taxes Levied for:

General Purposes
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Tuition and Fees
Investment Earnings
Miscellaneous

Total General Revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$19,500	\$0	\$19,500
(4,044,957)	0	(4,044,957)
9,913	0	9,913
(153,107)	0	(153,107)
(226,556)	0	(226,556)
(90,264)	0	(90,264)
(809,239)	0	(809,239)
(440,934)	0	(440,934)
(90,578)	0	(90,578)
(862,139)	0	(862,139)
(7,631)	0	(7,631)
(28,850)	0	(28,850)
(5,889)	0	(5,889)
(697)	0	(697)
(10,076)	0	(10,076)
(6,741,504)	0	(6,741,504)
0	119,525	119,525
0	15,491	15,491
0	1,728	1,728
0	136,744	136,744
(6,741,504)	136,744	(6,604,760)
4,259,606	0	4,259,606
4,101,712	0	4,101,712
89,668	0	89,668
146,429	0	146,429
79,311	4,235	83,546
8,676,726	4,235	8,680,961
(25,000)	25,000	0
8,651,726	29,235	8,680,961
1,910,222	165,979	2,076,201
(306,366)	(110,710)	(417,076)
<u>\$1,603,856</u>	<u>\$55,269</u>	<u>\$1,659,125</u>

TRI-COUNTY CAREER CENTER
Balance Sheet
Governmental Funds
June 30, 2019

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,193,972	\$713,237	\$184,928	\$6,092,137
Property Taxes Receivable	4,462,928	0	0	4,462,928
Accounts Receivable	3,083	0	0	3,083
Intergovernmental Receivable	16,409	0	99,744	116,153
Interfund Receivable	39,902	0	0	39,902
Materials and Supplies Inventory	29,718	0	0	29,718
<i>Total Assets</i>	<u>\$9,746,012</u>	<u>\$713,237</u>	<u>\$284,672</u>	<u>\$10,743,921</u>
<u>Liabilities:</u>				
Accrued Wages and Benefits	\$561,692	\$0	\$71,687	\$633,379
Contracts Payable	0	50,293	0	50,293
Intergovernmental Payable	90,994	0	8,499	99,493
Interfund Payable	0	0	39,902	39,902
Matured Compensated Absences Payable	657	0	0	657
<i>Total Liabilities</i>	<u>653,343</u>	<u>50,293</u>	<u>120,088</u>	<u>823,724</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes	3,882,296	0	0	3,882,296
Unavailable Revenue	0	0	81,565	81,565
<i>Total Deferred Inflows of Resources</i>	<u>3,882,296</u>	<u>0</u>	<u>81,565</u>	<u>3,963,861</u>
<u>Fund Balances:</u>				
Nonspendable	34,645	0		34,645
Restricted	0	0	148,011	148,011
Assigned	157,230	662,944	0	820,174
Unassigned	5,018,498	0	(64,992)	4,953,506
<i>Total Fund Balances</i>	<u>5,210,373</u>	<u>662,944</u>	<u>83,019</u>	<u>5,956,336</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$9,746,012</u>	<u>\$713,237</u>	<u>\$284,672</u>	<u>\$10,743,921</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2019*

Total Governmental Funds Balances		\$5,956,336
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,124,090
Some of the Career Center's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	461,917	
Intergovernmental revenue	81,565	
Total receivables that are not reported in the funds		543,482
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
Compensated absences		(406,597)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	2,452,694	
Deferred Outflows - OPEB	132,087	
Deferred Inflows - Pension	(720,519)	
Deferred Inflows - OPEB	(792,724)	
Net OPEB Asset	464,653	
Net Pension Liability	(8,279,924)	
Net OPEB Liability	(869,722)	
Total		(7,613,455)
<i>Net Position of Governmental Activities</i>		\$1,603,856

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$4,251,987	\$0	\$0	\$4,251,987
Intergovernmental	4,101,712	0	684,581	4,786,293
Interest	142,914	0	3,515	146,429
Tuition and Fees	89,668	0	0	89,668
Customer Sales and Services	0	0	61,870	61,870
Miscellaneous	75,214	0	4,097	79,311
<i>Total Revenues</i>	<u>8,661,495</u>	<u>0</u>	<u>754,063</u>	<u>9,415,558</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	0	0	62,488	62,488
Vocational	4,190,747	0	240,961	4,431,708
Adult/Continuing	0	0	145,968	145,968
<i>Support Services:</i>				
Pupils	160,178	0	0	160,178
Instructional Staff	287,851	0	0	287,851
Board of Education	94,083	0	0	94,083
Administration	890,178	0	0	890,178
Fiscal	476,273	0	0	476,273
Business	95,402	0	0	95,402
Operation and Maintenance of Plant	858,653	628,338	0	1,486,991
Pupil Transportation	2,657	29,549	0	32,206
Central	35,709	0	98,909	134,618
Operation of Non-Instructional Services	697	0	240,830	241,527
Extracurricular Activities	12,029	0	0	12,029
<i>Total Expenditures</i>	<u>7,104,457</u>	<u>657,887</u>	<u>789,156</u>	<u>8,551,500</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,557,038</u>	<u>(657,887)</u>	<u>(35,093)</u>	<u>864,058</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	16,559	0	0	16,559
Transfers In	0	1,131,000	0	1,131,000
Transfers Out	(1,156,000)	0	0	(1,156,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,139,441)</u>	<u>1,131,000</u>	<u>0</u>	<u>(8,441)</u>
<i>Net Change in Fund Balances</i>	417,597	473,113	(35,093)	855,617
<i>Fund Balances at Beginning of Year</i>	<u>4,792,776</u>	<u>189,831</u>	<u>118,112</u>	<u>5,100,719</u>
<i>Fund Balances at End of Year</i>	<u>\$5,210,373</u>	<u>\$662,944</u>	<u>\$83,019</u>	<u>\$5,956,336</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019*

Net Change in Fund Balances - Total Governmental Funds			\$855,617
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.			526,202
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			(363,937)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:			
Property taxes		7,619	
Intergovernmental		<u>31,578</u>	
Total receivables not reported in the funds			39,197
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:			
Compensated absences			(34,643)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred revenues.			693,558
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.			<u>194,228</u>
<i>Change in Net Position of Governmental Activities</i>			<u><u>\$1,910,222</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property Taxes	\$3,928,286	\$4,002,359	\$4,001,927	(\$432)
Intergovernmental	4,038,896	4,149,262	4,085,303	(63,959)
Interest	76,000	141,000	142,914	1,914
Tuition and Fees	79,000	83,000	89,668	6,668
Miscellaneous	5,000	66,541	73,219	6,678
<i>Total Revenues</i>	<u>8,127,182</u>	<u>8,442,162</u>	<u>8,393,031</u>	<u>(49,131)</u>
<u>Expenditures:</u>				
Vocational	4,297,797	4,181,665	4,237,848	(56,183)
Pupils	153,516	154,329	153,872	457
Instructional Staff	290,211	322,371	308,322	14,049
Board of Education	134,944	134,850	112,849	22,001
Administration	885,766	797,731	917,319	(119,588)
Fiscal	567,337	834,702	480,385	354,317
Business	113,093	109,482	103,085	6,397
Operation and Maintenance of Plant	927,432	960,619	877,890	82,729
Pupil Transportation	3,500	3,650	2,657	993
Central	58,750	57,000	35,869	21,131
Extracurricular Activities	16,621	16,621	12,025	4,596
<i>Total Expenditures</i>	<u>7,448,967</u>	<u>7,573,020</u>	<u>7,242,121</u>	<u>330,899</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>678,215</u>	<u>869,142</u>	<u>1,150,910</u>	<u>281,768</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	1,000	17,000	16,559	(441)
Advances In	40,000	40,000	40,000	0
Advances Out	(90,000)	(20,000)	(20,000)	0
Transfers Out	(679,500)	(1,160,500)	(1,160,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(728,500)</u>	<u>(1,123,500)</u>	<u>(1,123,941)</u>	<u>(441)</u>
<i>Excess of Revenues and other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(50,285)</u>	<u>(254,358)</u>	<u>26,969</u>	<u>281,327</u>
<i>Fund Balance at Beginning of Year</i>	4,942,405	4,942,405	4,942,405	0
Prior Year Encumbrances Appropriated	82,522	82,522	82,522	0
<i>Fund Balance at End of Year</i>	<u>\$4,974,642</u>	<u>\$4,770,569</u>	<u>\$5,051,896</u>	<u>\$281,327</u>

See accompanying notes to the basic financial statements

TRI-COUNTY CAREER CENTER

Statement of Net Position

Proprietary Funds

June 30, 2019

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
<u>Assets:</u>			
<i>Current Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	\$548,410	\$79,604	\$628,014
Accounts Receivable	5,817	2,578	8,395
<i>Noncurrent Assets:</i>			
<i>Capital Assets:</i>			
Depreciable Capital Assets, Net	46,721	2,725	49,446
Net OPEB Asset	13,448	0	13,448
<i>Total Noncurrent Assets</i>	<u>60,169</u>	<u>2,725</u>	<u>62,894</u>
<i>Total Assets</i>	<u>614,396</u>	<u>84,907</u>	<u>699,303</u>
<u>Deferred Outflows of Resources:</u>			
Pension	103,353	0	103,353
OPEB	3,572	0	3,572
<i>Total Deferred Outflows of Resources</i>	<u>106,925</u>	<u>0</u>	<u>106,925</u>
<u>Liabilities:</u>			
<i>Current Liabilities:</i>			
Accrued Wages and Benefits	10,582	0	10,582
Intergovernmental Payable	185	0	185
<i>Noncurrent Liabilities:</i>			
Due Within One Year	4,872	0	4,872
Other Amounts Due in More Than One Year	1,771	0	1,771
Net Pension Liability	376,823	0	376,823
Net OPEB Liability	87,254	0	87,254
<i>Total Liabilities</i>	<u>481,487</u>	<u>0</u>	<u>481,487</u>
<u>Deferred Inflows of Resources:</u>			
Pension	217,844	0	217,844
OPEB	51,628	0	51,628
<i>Total Deferred Inflows of Resources</i>	<u>269,472</u>	<u>0</u>	<u>269,472</u>
<u>Net Position:</u>			
Investment in Capital Assets	46,721	2,725	49,446
Unrestricted	(76,359)	82,182	5,823
<i>Total Net Position</i>	<u>(\$29,638)</u>	<u>\$84,907</u>	<u>\$55,269</u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2019*

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
<u>Operating Revenues:</u>			
Tuition	\$191,299	\$0	\$191,299
Sales	61,706	29,788	91,494
Charges for Services	0	48,060	48,060
Other Operating Revenues	3,193	1,042	4,235
<i>Total Operating Revenues</i>	<u>256,198</u>	<u>78,890</u>	<u>335,088</u>
<u>Operating Expenses:</u>			
Salaries	222,291	0	222,291
Fringe Benefits	27,202	0	27,202
Purchased Services	29,455	0	29,455
Materials and Supplies	61,468	59,402	120,870
Depreciation	18,188	1,227	19,415
Other Operating Expenses	9,102	0	9,102
<i>Total Operating Expenses</i>	<u>367,706</u>	<u>60,629</u>	<u>428,335</u>
<i>Operating Income (Loss)</i>	<u>(111,508)</u>	<u>18,261</u>	<u>(93,247)</u>
<u>Nonoperating Revenues (Expenses):</u>			
Federal and State Subsidies	235,306	0	235,306
Loss on Sale of Capital Assets	(1,080)	0	(1,080)
<i>Total Nonoperating Revenues (Expenses)</i>	<u>234,226</u>	<u>0</u>	<u>234,226</u>
<i>Income (Loss) before Transfers</i>	122,718	18,261	140,979
Transfers In	25,000	0	25,000
<i>Change in Net Position</i>	147,718	18,261	165,979
<i>Net Position at Beginning of Year</i>	<u>(177,356)</u>	<u>66,646</u>	<u>(110,710)</u>
<i>Net Position at End of Year</i>	<u><u>(\$29,638)</u></u>	<u><u>\$84,907</u></u>	<u><u>\$55,269</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2019

	Business-Type Activities		
	Adult Education	Other Enterprise Funds	Total Enterprise Funds
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Sales and Charges for Services	\$61,706	\$78,017	\$139,723
Cash Received from Tuition	195,342	0	195,342
Other Cash Receipts	3,193	1,042	4,235
Cash Payments to Employees for Services	(223,196)	0	(223,196)
Cash Payments for Employee Benefits	(113,311)	0	(113,311)
Cash Payments to Purchased Services	(29,455)	0	(29,455)
Cash Payments for Goods and Services	(61,468)	(59,402)	(120,870)
Other Cash Payments	(9,102)	0	(9,102)
<i>Net Cash from Operating Activities</i>	<u>(176,291)</u>	<u>19,657</u>	<u>(156,634)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	235,306	0	235,306
Transfers In	25,000	0	25,000
<i>Net Cash from Noncapital Financing Activities</i>	<u>260,306</u>	<u>0</u>	<u>260,306</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Purchases of Capital Assets	(2,596)	(771)	(3,367)
<i>Net Cash from Capital and Related Financing Activities</i>	<u>(2,596)</u>	<u>(771)</u>	<u>(3,367)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	81,419	18,886	100,305
<i>Cash and Cash Equivalents at Beginning of Year</i>	466,991	60,718	527,709
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$548,410</u>	<u>\$79,604</u>	<u>\$628,014</u>
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash from Operating Activities:</u>			
Operating Income (Loss)	(\$111,508)	\$18,261	(\$93,247)
<u>Adjustments to Reconcile Operating Income (Loss)</u>			
<u>to Net Cash from Operating Activities:</u>			
Depreciation	18,188	1,227	19,415
<i>(Increase) Decrease in Assets and Deferred Outflows of Resources:</i>			
Accounts Receivable	4,043	169	4,212
Deferred Outflows of Resources	76,043	0	76,043
Net OPEB Asset	(13,448)	0	(13,448)
<i>Increase (Decrease) in Liabilities and Deferred Inflows of Resources:</i>			
Accrued Wages and Benefits	(905)	0	(905)
Intergovernmental Payable	(44)	0	(44)
Compensated Absences Payable	934	0	934
Net Pension Liability	(201,881)	0	(201,881)
Deferred Inflows of Resources	52,287	0	52,287
<i>Total Adjustments</i>	<u>(64,783)</u>	<u>1,396</u>	<u>(63,387)</u>
<i>Net Cash from Operating Activities</i>	<u><u>(\$176,291)</u></u>	<u><u>\$19,657</u></u>	<u><u>(\$156,634)</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2019

	<u>Agency</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$48,327</u>
<i>Total Assets</i>	<u>48,327</u>
<u>Liabilities:</u>	
Due to Students	<u>48,327</u>
<i>Total Liabilities</i>	<u><u>\$48,327</u></u>

See accompanying notes to the basic financial statements.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Tri-County Career Center (the Career Center) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The Career Center includes eight participating Districts spread throughout Athens, Hocking and Perry Counties.

The Career Center operates under an eleven-member Board of Education and is responsible for the provision of public education to residents of the Career Center. The Board of Education of the Career Center is not directly elected. The Board members are appointed by the elected boards of the participating school districts. The Board consists of five members from the three city school districts and six members from the two county educational service center districts. The Career Center has an enrollment of 445 students and is staffed by 31 classified, 47 certified and 5 administrative employees.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the Career Center are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, food service, and adult education.

Component units are legally separate organizations for which the Career Center appoints a voting majority of the organization's governing board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organizations' resources; the Career Center is legally obligated or has otherwise assumed the responsibility to finance the organization; or the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The Career Center is involved with the META Solutions, Southeastern Ohio Special Education Regional Resource Center (SERRC), Athens County School Employees Health and Welfare Benefit Association, Coalition of Rural and Appalachian Schools, and Ohio Coalition of Equity and Adequacy of School Funding, which are defined as jointly governed organizations. The Career Center is also associated with the Ohio School Boards Association Workers' Compensation Group Rating Program which is defined as an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

A. Basis of Presentation

The Career Center's basic financial statement consists of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the Career Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the Career Center that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the Career Center at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Career 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. Revenues which are not classified as program revenues are presented as general revenues of the Career Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

During the year, the Career Center segregates transactions related to certain 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 Career Center at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Career 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 Career Center fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Career Center are financed. Governmental funds focus 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 liabilities is reported as fund balance.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

The following are the Career Center's major governmental funds:

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

Permanent Improvement Fund - This fund is used to account for financial resources to be used for the acquisition, construction or improvement of capital facilities.

The other governmental funds of the Career Center account for grants and other resources of the Career Center whose use is restricted to a particular purpose.

Proprietary Funds

The focus of proprietary funds is on the determination of the change in net position, financial position and cash flows. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services.

The following is the Career Center's only major proprietary fund:

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

The other proprietary funds of the Career Center account for transactions made in connection with tools and supplies provided to and rotary accounts maintained for the vocational education classes.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Career Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Career Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Career Center's only fiduciary fund is an agency fund which is used to account for student-managed activities.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the Career 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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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 current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the Career Center finances and meets the cash flow needs of its proprietary activities.

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 and the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources are collectible 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 Career Center, available means expected to be received within sixty days of fiscal year-end.

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

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension/OPEB are explained in Notes 11 and 12.

In addition to the liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes, unavailable revenue, and pension/OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2019, but which were levied to finance fiscal year 2020 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension/OPEB are reported on the government-wide Statement of Net Position (See Notes 11 and 12).

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

During the fiscal year 2019, the Career Center's investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2019.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2019 amounted to \$142,914 which includes \$25,667 assigned from other Career Center funds.

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

F. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated and purchased food held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The Career Center maintains a capitalization threshold of five hundred dollars. The Career Center does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable”. These amounts are eliminated in the governmental activities column of the Statement of Net Position.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributed to services already rendered and it is probable that the Career Center will compensate the employees for the benefits through paid time off or some other means. The Career Center records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Career Center has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the Career Center’s termination policy. The Career Center records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 15 years of service with the Career Center.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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.

L. Accrued Liabilities and Long-Term Liabilities

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination of benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Long-term liabilities are recognized as a liability on the fund financial statements when due.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

Net position restricted for other purposes is primarily for federal and state grants reported in the Special Revenue Funds.

The Career Center applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the Career Center's restricted net position of \$809,881, none is restricted by enabling legislation.

N. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

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

Restricted – The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the Career Center considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the Career Center considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Career Center, these revenues are tuition, classroom fees and charges for services for the adult education program and vocational education classes. Operating expenses are necessary costs incurred to provide the service that is the primary activity of that fund.

P. Interfund Transactions

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

Q. Estimates

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

R. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2019.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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

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

NOTE 3 – NEW GASB PRONOUNCEMENTS

For fiscal year 2019, the Career Center implemented GASB Statement No. 83, “Certain Asset Retirement Obligation”, and GASB Statement No. 88, “Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.” The implementation of GASB Statements Nos. 83 and 88 had no effect on the prior period fund balances of the Career Center.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the Career Center is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budget basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budget basis statements for the General Fund:

	Net Change in Fund Balance
	General
GAAP Basis	\$417,597
<i>Adjustments:</i>	
Revenue Accruals	(266,822)
Expenditure Accruals	7,451
Encumbrances	(151,151)
Other Sources	20,000
<i>Prospective Difference:</i>	
GAAP Reporting Purposes	(106)
Budget Basis	\$26,969

NOTE 5 - ACCOUNTABILITY

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

Non-major Special Revenue Funds:

Miscellaneous State Grants	\$13,262
Driver's Education Grant	250
Vocational Education Grant	51,480

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS

State statutes require the classification of monies held by the Career 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 Career Center Treasury, in commercial accounts payable, or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two 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 accounts including pass book accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the 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 fair value daily, and that the term of agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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 (STAROhio);

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed forty percent of interim monies available for investment at any one time if training requirements have been met; and
8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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 Career 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Investments: Investments are reported at fair value. As of June 30, 2019, the Career Center had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>6 Months or Less</u>
STAR Ohio	<u>\$6,368,954</u>	<u>\$6,368,954</u>
Totals	<u>\$6,368,954</u>	<u>\$6,368,954</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the Career Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Standard and Poor's has assigned STAROhio an "AAAm" money market rating.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Career Center's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the Career Center will not be able to recover the value of its investments or collateral securities in the possession of an outside party. Career Center policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the Career Center or not.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 6 - CASH, DEPOSITS AND INVESTMENTS - (Continued)

The classification of cash and cash equivalent on the basic financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents on the basic financial statements and the classification of deposits and investments in GASB Statement No. 3 follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$6,768,478	\$0
<i>Investments:</i>		
STAR Ohio	(6,368,954)	6,368,954
GASB Statement No. 3	\$399,524	\$6,368,954

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located within the Career Center's boundaries. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at varying percentages of true value (with certain exceptions) and on real property at thirty-five percent of true value.

The assessed values upon which the fiscal year 2019 taxes were collected are:

	2018 First - Half Collections		2019 Second - Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$1,698,148,060	86.73%	\$1,714,017,640	84.74%
Public Utility Personal	259,768,680	13.27%	308,760,830	15.26%
Total Assessed Value	\$1,957,916,740	100.00%	\$2,022,778,470	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$3.30		\$3.30	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 7 - PROPERTY TAXES – (Continued)

The Career Center receives property taxes from Athens, Hocking, Meigs, Morgan, Perry, and Vinton Counties. The County Auditor of each county periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2019 is available to finance fiscal year 2019 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2019. 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 year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The Career Center had \$580,632 available for advance to the General Fund at June 30, 2019.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2019 consisted of taxes, accounts (tuition and fees), intergovernmental grants and entitlements, and inter-fund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivable follows:

General Fund	\$16,409
<i>Nonmajor Special Revenue Funds:</i>	
Miscellaneous State Grants	47,154
Vocational Education	25,878
Title IIA	<u>26,712</u>
<i>Total Nonmajor Special Revenue Funds</i>	<u>99,744</u>
Total Intergovernmental Receivable	<u><u>\$116,153</u></u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 9 - CAPITAL ASSETS

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

Asset Category	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
<i>Governmental Activities:</i>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$34,308	\$0	\$0	\$34,308
Construction in Progress	359,795	557,906	(359,795)	557,906
Total Nondepreciable Capital Assets	394,103	557,906	(359,795)	592,214
<i>Depreciable Capital Assets:</i>				
Land Improvements	473,506	0	0	473,506
Buildings and Improvements	5,209,510	79,290	(1,299)	5,287,501
Furniture, Fixtures and Equipment	3,936,616	93,399	(148,103)	3,881,912
Vehicles	627,301	30,299	(44,072)	613,528
Total Depreciable Capital Assets	10,246,933	202,988	(193,474)	10,256,447
Total Capital Assets	10,641,036	760,894	(553,269)	10,848,661
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(45,378)	(23,676)	0	(69,054)
Buildings and Improvements	(3,900,175)	(35,851)	1,299	(3,934,727)
Furniture, Fixtures and Equipment	(3,218,154)	(160,247)	144,428	(3,233,973)
Vehicles	(515,504)	(14,918)	43,605	(486,817)
Total Accumulated Depreciation	(7,679,211)	(234,692)	189,332	(7,724,571)
Total Net Capital Assets	\$2,961,825	\$526,202	(\$363,937)	\$3,124,090

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$1,541
Special	109,026
<i>Support Services:</i>	
Pupils	15,233
Instructional Staff	1,772
Administration	3,164
Fiscal	1,460
Business	1,404
Operation and Maintenance of Plant	87,292
Pupil Transportation	4,724
Central	685
Operation of Non-Instructional Services	8,391
Total Depreciation Expense	\$234,692

Capital asset business-type activity for the fiscal year ended June 30, 2019 was as follows:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
<u>Business-Type Activities:</u>				
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$371,453	\$3,367	(\$32,399)	\$342,421
<i>Less Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(304,879)	(19,415)	31,319	(292,975)
Business-Type Activities Capital Assets, Net	\$66,574	(\$16,048)	(\$1,080)	\$49,446

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 10 - RISK MANAGEMENT

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the Career Center contracted with Reed & Baur Insurance Agency Inc. for property and fleet insurance, inland marine insurance, liability insurance and employee blanket bond, and with the Ohio School Boards Association Bond Program for public official bonds. Coverages provided at June 30, 2019 are as follows:

Building and Contents-replacement cost (\$2,500 deductible)	\$35,641,537
Inland Marine Coverage (\$500 deductible)	447,065
Automobile Liability (\$500 deductible)	2,000,000
Automobile Medical Payments	5,000
Uninsured Motorists (\$0 deductible)	1,000,000
<i>General Liability:</i>	
Medical Expense Limit (any one person)	15,000
Fire Damage Limit (any one fire)	300,000
Per Occurrence	2,000,000
Total Per Year	3,000,000
School Leaders Errors and Omissions (\$10,000 deductible)	2,000,000
<i>Public Official Bonds:</i>	
Treasurer	250,000
Superintendent, Board President, Board Vice-President (each)	20,000
Employee Blanket Bond (\$1,000 deductible)	50,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

For fiscal year 2019, the Career Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school district 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 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 Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

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 Career 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.

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

GASB Statement No. 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Career 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.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2018 *	Eligible to Retire on or after August 1, 2018
Full Benefits	Any age with 30 years of service credit Age 65 with 5 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2018, will be included in this plan.

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

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

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

The Career Center’s contractually required contribution to SERS was \$170,496 for fiscal year 2019. Of this amount \$0 was reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 26 years of service, or 31 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 that 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 the fiscal year ended June 30, 2019, plan members were required to contribute 14 percent of their annual covered salary. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was \$543,499 for fiscal year 2019. Of this amount \$78,218 is reported as an intergovernmental payable.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Prior Measurement Date	0.03669100%	0.02876989%	
Current Measurement Date	<u>0.03692420%</u>	<u>0.02975306%</u>	
Change in Proportionate Share	<u>0.00023320%</u>	<u>0.00098317%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,114,717	\$6,542,030	\$8,656,747
Pension Expense	\$126,581	\$631,018	\$757,599

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$115,974	\$151,008	\$266,982
Change in Assumptions	47,752	1,159,371	1,207,123
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	25,478	342,469	367,947
Career Center Contributions Subsequent to the Measurement Date	<u>170,496</u>	<u>543,499</u>	<u>713,995</u>
Total Deferred Outflows of Resources	<u>\$359,700</u>	<u>\$2,196,347</u>	<u>\$2,556,047</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$0	\$42,722	\$42,722
Net Difference between Projected and Actual Investment Earnings	58,592	396,701	455,293
Changes in proportion and differences between Career Center Contributions and Proportionate share of Contributions	<u>109,426</u>	<u>330,922</u>	<u>440,348</u>
Total Deferred Inflows of Resources	<u>\$168,018</u>	<u>\$770,345</u>	<u>\$938,363</u>

\$713,995 reported as deferred outflows of resources related to pension resulting from Career 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:

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2020	\$106,526	\$577,674	\$684,200
2021	2,028	298,830	300,858
2022	(69,396)	46,183	(23,213)
2023	(17,972)	(\$40,184)	(58,156)
Total	\$21,186	\$882,503	\$903,689

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 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

The most recent experience study was completed 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 averaged 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

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

Sensitivity of the Career 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 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Career Center's Proportionate Share of the Net Pension Liability	\$2,978,739	\$2,114,717	\$1,390,293

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.5% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0.0 %, effective July 1, 2017

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

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' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 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. 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 Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate -The following table presents the Career 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 Career 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%)
Career Center's Proportionate Share of the Net Pension Liability	\$9,553,773	\$6,542,030	\$3,992,998

NOTE 12 - DEFINED BENEFIT OPEB PLANS

School Employees Retirement System

Net OPEB Liability

The net OPEB liability reported on the Statement of Net Position represents a liability 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 represents the Career 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT 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. Resulting adjustments to the net OPEB liability 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* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Career 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5 percent 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the Career Center's surcharge obligation was \$4,354.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

The surcharge, added to the 0.5 percent allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center’s contractually required contribution to SERS was \$6,315 for fiscal year 2019. Of this amount \$0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 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 percent 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, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net OPEB liability was based on the Career Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.03467400%	0.02876989%	
Current Measurement Date	<u>0.03449470%</u>	<u>0.02975306%</u>	
Change in Proportionate Share	<u>-0.00017930%</u>	<u>0.00098317%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$956,976	(\$478,101)	\$478,875
OPEB Expense	\$23,431	(\$1,031,151)	(\$1,007,720)

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$15,622	\$55,844	\$71,466
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	2,083	51,441	53,524
Career Center contributions subsequent to the measurement date	<u>10,669</u>	<u>0</u>	<u>10,669</u>
Total Deferred Outflows of Resources	<u>\$28,374</u>	<u>\$107,285</u>	<u>\$135,659</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$27,855	\$27,855
Net difference between projected and Actual Investment	1,435	54,619	56,054
Changes of assumptions	85,977	651,451	737,428
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>6,609</u>	<u>16,406</u>	<u>23,015</u>
Total Deferred Inflows of Resources	<u>\$94,021</u>	<u>\$750,331</u>	<u>\$844,352</u>

\$10,669 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	(\$35,829)	(\$115,564)	(\$151,393)
2021	(28,191)	(115,564)	(143,755)
2022	(6,944)	(115,562)	(122,506)
2023	(2,165)	(103,161)	(105,326)
2024	(2,266)	(98,805)	(101,071)
Thereafter	<u>(921)</u>	<u>(94,390)</u>	<u>(95,311)</u>
Total	<u>(\$76,316)</u>	<u>(\$643,046)</u>	<u>(\$719,362)</u>

Actuarial Assumptions - SERS

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.62 percent
Prior Measurement Date	3.56 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.70 percent
Prior Measurement Date	3.63 percent
Medical Trend Assumption	
Medicare	5.375 to 4.75 percent
Pre-Medicare	7.25 to 4.75 percent

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

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

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2018 was 3.70 percent. The discount rate used to measure total OPEB liability prior to June 30, 2018 was 3.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.62 percent, 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. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Career 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 (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Career Center's proportionate share of the net OPEB liability	\$1,161,215	\$956,976	\$795,257

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
Career Center's proportionate share of the net OPEB liability	\$772,104	\$956,976	\$1,201,780

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2018, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	6 percent initial, 4 percent ultimate
Medicare	5 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	8 percent initial, 4 percent ultimate
Medicare	-5.23 percent initial, 4 percent ultimate

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

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

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

Since the prior measurement date, the discount rate was increased from the blended rate 4.13 percent to the long-term expected rate of return of 7.45 percent 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.

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

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

Asset Class	Allocation	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 annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2018. The blended discount rate used to measure the total OPEB liability was 4.13 percent 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 not projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2018. The blended discount rate of 4.13 percent, which represents the long term expected rate of return of 7.45 percent for the funded benefit payments and the Bond Buyer 20-year municipal bond rate of 3.58 percent for the unfunded benefit payments was used to measure the total OPEB liability at June 30, 2017.

Sensitivity of the Career 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 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's proportionate share of the net OPEB asset	(\$409,778)	(\$478,101)	(\$535,524)
		Current Trend Rate	1% Increase
Career Center's proportionate share of the net OPEB asset	(\$532,283)	(\$478,101)	(\$423,076)

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators (including the Superintendent and Treasurer) earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is not paid to classified employees upon termination of employment; however, employees are encouraged to exhaust accumulated and unused vacation time prior to termination. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 320 days for teachers, administrators and classified employees. Upon retirement, teachers, administrators and classified employees receive one-fourth of the total sick leave accumulation up to a maximum of eighty (80) days.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the Career Center's long-term liabilities for governmental activities during fiscal year 2019 were as follows:

	Principal Outstanding at July 1, 2018	Additions	Deductions	Principal Outstanding at June 30, 2019	Amount Due In One Year
<u>Governmental Activities:</u>					
Net Pension Liability					
STRS	\$6,526,185	\$0	\$168,166	\$6,358,019	\$0
SERS	<u>1,976,563</u>	<u>0</u>	<u>54,658</u>	<u>1,921,905</u>	<u>0</u>
Total Net Pension Liability	8,502,748	0	222,824	8,279,924	0
Net OPEB Liability					
STRS	1,071,881	0	1,071,881	0	0
SERS	<u>839,022</u>	<u>30,700</u>	<u>0</u>	<u>869,722</u>	<u>0</u>
Total Net OPEB Liability	1,910,903	30,700	1,071,881	869,722	0
Compensated Absences	<u>371,954</u>	<u>200,814</u>	<u>166,171</u>	<u>406,597</u>	<u>102,330</u>
Total Governmental Activities Long-Term Obligations	<u>\$10,785,605</u>	<u>\$231,514</u>	<u>\$1,460,876</u>	<u>\$9,556,243</u>	<u>\$102,330</u>

The Career Center pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences for governmental activities will be paid from the fund from which the employee is paid.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 14 - LONG-TERM OBLIGATIONS – (Continued)

The changes in the Career Center's long-term liabilities for business-type activities during fiscal year 2019 were as follows:

	Principal Outstanding at July 1, 2018	Additions	Deductions	Principal Outstanding at June 30, 2019	Amount Due In One Year
<i>Business-Type Activities:</i>					
Net Pension Liability					
STRS	\$308,164	\$0	\$124,153	\$184,011	\$0
SERS	215,643	0	22,831	192,812	0
Total Net Pension Liability	523,807	0	146,984	376,823	0
Net OPEB Liability					
STRS	50,614	0	50,614	0	0
SERS	91,537	0	4,283	87,254	0
Total Net OPEB Liability	142,151	0	54,897	87,254	0
Compensated Absences	5,709	17,504	16,570	6,643	4,872
Total Business-Type Activities Long-Term Obligations	<u>\$671,667</u>	<u>\$17,504</u>	<u>\$218,451</u>	<u>\$470,720</u>	<u>\$4,872</u>

Compensated absences for business-type activities will be paid from the Adult Education Fund.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 15- FUND BALANCES

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

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable:</i>				
Inventory	\$29,718	\$0	\$0	\$29,718
Unclaimed Monies	4,927	0	0	4,927
<i>Total Nonspendable</i>	<u>34,645</u>	<u>0</u>	<u>0</u>	<u>34,645</u>
<i>Restricted:</i>				
<i>Special Revenues:</i>				
Food Service	0	0	61,266	61,266
Special Trust	0	0	84,833	84,833
Other Grants	0	0	1,500	1,500
Federal Grants	0	0	412	412
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>148,011</u>	<u>148,011</u>
<i>Assigned:</i>				
<i>Encumbrances:</i>				
Vocational	81,210	0	0	81,210
Instructional Staff	5,025	0	0	5,025
Board of Education	18,960	0	0	18,960
Business	7,628	0	0	7,628
Operation and Maintenance of Plant	38,168	0	0	38,168
Central	160	0	0	160
Public School Support	6,079	0	0	6,079
Permanent Improvement	0	662,944	0	662,944
<i>Total Assigned</i>	<u>157,230</u>	<u>662,944</u>	<u>0</u>	<u>820,174</u>
<i>Unassigned</i>	<u>5,018,498</u>	<u>0</u>	<u>(64,992)</u>	<u>4,953,506</u>
Total Fund Balances	<u><u>\$5,210,373</u></u>	<u><u>\$662,944</u></u>	<u><u>\$83,019</u></u>	<u><u>\$5,956,336</u></u>

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 16- INTERFUND ACTIVITY

As of June 30, 2019, receivables and payables that resulted from various inter-fund transactions were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$39,902	\$0
<i>Nonmajor Special Revenue Funds:</i>		
Food Service	0	10,000
Miscellaneous State Grants	0	20,450
Driver's Education	0	250
Vocational Education Grant	0	9,202
Total Nonmajor Special Revenue Funds	\$39,902	\$39,902

The balance of \$39,902 due to the General Fund from the funds listed is the result of loans made from the General Fund to these funds.

Transfers From	Permanent Improvement	Adult Education	Total
General	\$1,131,000	\$25,000	\$1,156,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS

Meta Solutions

The Career Center participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southeastern Ohio Voluntary Education Cooperative (SEOVEC) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation of the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302. The Career Center made payments of \$104,771 to META for fiscal year 2019.

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Career Center's Superintendent is on the SERRC Board. Financial information can be obtained by contacting Laura Dukes, Interim Treasurer, at the Athens-Meigs Educational Service Center, 21 Birge Drive, Chauncey, Ohio 45719.

Athens County School Employees Health and Welfare Benefit Association

The Career Center is a participant in a consortium of seven districts to operate the Athens County School Employees Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop-loss insurance coverage, and Coresource to provide administration of its dental benefits. The Association is governed by a Board of Directors consisting of one representative of each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, Ohio 43326.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 17- JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2019, the Career Center made no significant payments for membership. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues of \$0.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$0.50 per pupil for K-12 districts and educational service centers pay dues of \$0.05 per pupil. The Coalition is not dependent on the continued participation of the Career Center and the Career Center does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2019, the Career Center paid \$0 to the Coalition. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The Career 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 districts pay an enrollment fee to the GRP to cover the costs of administering the program.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 19- CONTINGENCIES

A. Grants

The Career Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State’s ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2019, if applicable, cannot be determined at this time.

B. Litigation

The Career Center is involved in no pending litigation that would have a material effect on the financial condition of the Career Center.

C. School Foundation

School foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2019 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Career Center.

NOTE 20 - STATUTORY SET-ASIDES

The following changes occurred in the Career Center's set-aside reserve account during fiscal year 2019:

	Capital Improvements
Set-Aside Balance as of July 1, 2018	\$0
Current Year Set-Aside Requirement	81,914
Qualifying Disbursements	(616,074)
Total	(\$534,160)
Set-Aside Balance as of June 30, 2019	\$0
Total Restricted Assets	\$0

Although the Career Center had qualifying disbursements during the year that reduced the set-aside amount to below zero for the capital improvement set-asides, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

TRI-COUNTY CAREER CENTER
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2019

NOTE 21 – ENCUMBRANCE COMMITMENTS

At June 30, 2019, the Career Center had encumbrance commitments in the Governmental Funds as follows:

<u>Major Fund</u>	
General	\$151,151
Permanent Improvement	476,322
<u>Nonmajor Funds</u>	
Miscellaneous State Grants	19,435
Vocational Education	16,677
Total Nonmajor Funds	<u>36,112</u>
Total Encumbrances	<u>\$663,585</u>

NOTE 22 – CONTRACTUAL COMMITMENTS

As of June 30, 2019, the Career Center had contractual purchase commitments for various projects related to the Career Center’s renovations and new construction. The amount for each project is as follows.

<u>Contractor</u>	<u>Trade</u>	<u>Contract Amounts</u>	<u>Amounts Paid as of June 30, 2019</u>	<u>Amounts Remaining on Contracts</u>
Schorr Architects	Welding Lab Expansion	\$7,976	\$3,269	\$4,707
	Nursing Technician Lab	38,000	33,337	4,663
Drummond Construction	Welding Lab Expansion	521,879	418,983	102,896
Gutknecht Construction	Nursing Technician Lab	<u>310,000</u>	<u>0</u>	<u>310,000</u>
Total		<u>\$877,855</u>	<u>\$455,589</u>	<u>\$422,266</u>

TRI-COUNTY CAREER CENTER

*Schedule of the Career Center's Proportionate Share of Net Pension Liability
Last Six Measurement Periods (1)*

	2018	2017	2016
<u>School Employees Retirement System of Ohio</u>			
Career Center's Proportion of the Net Pension Liability	0.03692420%	0.03669100%	0.03957540%
Career Center's Proportionate Share of the Net Pension Liability	\$2,114,717	\$2,192,206	\$2,896,554
Career Center's Covered-Employee Payroll	\$1,155,893	\$1,176,600	\$1,228,964
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	182.95%	186.32%	235.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.50%	69.50%	62.98%
<u>State Teachers Retirement System of Ohio</u>			
Career Center's Proportion of the Net Pension Liability	0.02975306%	0.02876989%	0.02943524%
Career Center's Proportionate Share of the Net Pension Liability	\$6,542,030	\$6,834,349	\$9,852,862
Career Center's Covered-Employee Payroll	\$3,661,114	\$3,229,093	\$3,151,107
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	178.69%	211.65%	312.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.30%	75.30%	66.80%

(1) Information prior to 2013 is not available.

Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

2015	2014	2013
0.04005780%	0.03936200%	0.03936200%
\$2,285,737	\$1,992,088	\$2,340,732
\$1,204,939	\$1,362,468	\$1,363,273
189.70%	146.21%	171.70%
69.16%	71.70%	65.52%
0.03079162%	0.02913008%	0.02913008%
\$8,509,903	\$7,085,444	\$8,440,134
\$3,191,050	\$3,657,077	\$3,541,500
266.68%	193.75%	238.32%
72.10%	74.70%	69.30%

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TRI-COUNTY CAREER CENTER
Schedule of the Career Center's Proportionate Share of Net OPEB Liability
Last Three Measurement Periods (1)

	2018	2017	2016
<u>School Employees Retirement System of Ohio</u>			
Career Center's Proportion of the Net OPEB Liability	0.03449470%	0.03467400%	0.03467400%
Career Center's Proportionate Share of the Net OPEB Liability	\$956,976	\$930,559	\$988,337
Career Center's Covered-Employee Payroll	\$1,155,893	\$1,176,600	\$1,228,964
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	82.79%	79.09%	80.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	12.46%	12.46%	11.49%
<u>State Teachers Retirement System of Ohio</u>			
Career Center's Proportion of the Net OPEB Liability	0.02975306%	0.02876989%	0.02876989%
Career Center's Proportionate Share of the Net OPEB Asset	\$478,101	\$0	\$0
Career Center's Proportionate Share of the Net OPEB Liability	\$0	\$1,122,495	\$1,538,621
Career Center's Covered-Employee Payroll	\$3,661,114	\$3,229,093	\$3,151,107
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	13.06%	34.76%	48.83%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available.

Amounts presented as of the Career Center's measurement date which is the prior fiscal year end.

TRI-COUNTY CAREER CENTER
Schedule of the Career Center Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
<u>Pension</u>				
Contractually Required Contributions	\$170,496	\$161,825	\$164,724	\$172,055
Contributions in Relation to the Contractually Required Contributions	<u>(170,496)</u>	<u>(161,825)</u>	<u>(164,724)</u>	<u>(172,055)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$1,262,936	\$1,155,893	\$1,176,600	\$1,228,964
Contributions as a Percentage of Covered-Employee Payroll	13.50%	13.50%	14.00%	14.00%
<u>OPEB</u>				
Contractually Required Contributions (1)	\$6,315	\$5,994	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>(6,315)</u>	<u>(5,994)</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$1,262,936	\$1,155,893	\$1,176,600	\$1,228,964
Contributions as a Percentage of Covered-Employee Payroll	0.50%	0.50%	0.00%	0.00%

(1) Excludes surcharge amounts.

2015	2014	2013	2012	2011	2010
\$158,811	\$188,838	\$188,677	\$187,890	\$178,920	\$187,233
<u>(158,811)</u>	<u>(188,838)</u>	<u>(188,677)</u>	<u>(187,890)</u>	<u>(178,920)</u>	<u>(187,233)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,204,939	\$1,362,468	\$1,363,273	\$1,396,952	\$1,423,389	\$1,382,814
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%
\$9,881	\$1,907	\$2,181	\$7,683	\$20,354	\$6,361
<u>(9,881)</u>	<u>(1,907)</u>	<u>(2,181)</u>	<u>(7,683)</u>	<u>(20,354)</u>	<u>(6,361)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,204,939	\$1,362,468	\$1,363,273	\$1,396,952	\$1,423,389	\$1,382,814
0.82%	0.14%	0.16%	0.55%	1.43%	0.46%

TRI-COUNTY CAREER CENTER
Schedule of the Career Center Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2019	2018	2017	2016
<u>Pension</u>				
Contractually Required Contributions	\$543,499	\$512,556	\$452,073	\$441,155
Contributions in Relation to the Contractually Required Contributions	<u>(543,499)</u>	<u>(512,556)</u>	<u>(452,073)</u>	<u>(441,155)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$3,882,136	\$3,661,114	\$3,229,093	\$3,151,107
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
<u>OPEB</u>				
Contractually Required Contributions	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Career Center Covered-Employee Payroll	\$3,882,136	\$3,661,114	\$3,229,093	\$3,151,107
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

2015	2014	2013	2012	2011	2010
\$446,747	\$475,420	\$460,395	\$520,838	\$555,124	\$457,839
(446,747)	(475,420)	(460,395)	(520,838)	(555,124)	(457,839)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,191,050	\$3,657,077	\$3,541,500	\$4,006,446	\$4,270,185	\$3,521,838
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$3,657	\$3,542	\$4,006	\$4,270	\$3,522
0	(3,657)	(3,542)	(4,006)	(4,270)	(3,522)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,191,050	\$3,657,077	\$3,541,500	\$4,006,446	\$4,270,185	\$3,521,838
0.00%	1.00%	1.00%	1.00%	1.00%	1.00%

Tri-County Career Center, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions - STRS

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

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

Tri-County Career Center, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

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

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

Net OPEB Liability

Changes in Assumptions – SERS

Amounts reported for fiscal year 2018 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

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

Changes in Assumptions – STRS

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

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

Tri-County Career Center, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2019

Changes in Benefit Terms – STRS OPEB

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

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

OHIO AUDITOR OF STATE KEITH FABER



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

Tri-County Career Center
Athens County
15676 State Route 691
Nelsonville, Ohio 45764

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, business-type activities, each major fund, and the aggregate remaining fund information of the Tri-County Career Center, Athens County, Ohio (the Career Center) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated February 10, 2020.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Career 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 opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Career 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 Career 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 Career 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 Career Center's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Career Center's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

February 10, 2020

OHIO AUDITOR OF STATE KEITH FABER



TRI-COUNTY CAREER CENTER

ATHENS 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
MARCH 3, 2020**