OHIO AUDITOR OF STATE
KEITH FABER

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY
JUNE 30, 2022

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MUSKINGUM COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education Special Revenue Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and Schedules of Net Pension and Other Post-employment Benefit Liabilities and Pension and Other Post-employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2023, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 9, 2023

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Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Mid-East Career and Technology Center's (Center) financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows**:**

- The assets and deferred outflows of resources of the Center exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2022 by $89,413,823. As a result, the Center's net position increased $4,776,801.

- General revenues accounted for $17,378,306 or 62 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for $10,518,239 or 38 percent of total revenues of $27,896,545.

- The Center had $23,119,744 in expenses related to governmental activities; only $10,518,239 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and unrestricted grants) in the amount of $17,378,306 were adequate to provide for these programs.

Using this Basic Financial Statements Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other non-major funds presented in total in one column and also provide information in more detail than the government-wide statements.

Reporting the Center as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2021-2022 fiscal year?" The Statement of Net Position and the Statement of Activities answer this question.

These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the Center's activities are all considered to be Governmental Activities, including instruction, support services, operation of non-instructional services, extracurricular activities, and interest.

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major funds begins on page 12. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the General Fund, the Adult Education Special Revenue Fund, and the 2020 Construction Capital Projects Fund.

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

Reporting the Center's Fiduciary Responsibilities

The Center is the trustee, or fiduciary, for its scholarship program. This activity is presented as a private purpose trust fund. The Center's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

The Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for fiscal year 2022 compared to fiscal year 2021.

(Table 1)
Net Position

	Governmental Activities		
	2022	2021	Change
Assets			
Current and Other Assets	$69,693,389	$73,222,625	($3,529,236)
Noncurrent Assets:			
Net OPEB Asset	1,429,304	1,237,018	192,286
Capital Assets, Net	59,824,047	56,028,521	3,795,526
Total Assets	130,946,740	130,488,164	458,576
Deferred Outflows of Resources			
Pension	4,616,513	3,928,487	688,026
OPEB	438,827	502,241	(63,414)
Total Deferred Outflows of Resources	5,055,340	4,430,728	624,612
Liabilities			
Current and Other Liabilities	3,205,071	4,358,527	(1,153,456)
Long-Term Liabilities			
Due Within One Year	1,153,917	1,159,358	(5,441)
Due in More Than One Year:			
Net Pension Liability	11,717,911	22,327,529	(10,609,618)
Net OPEB Liability	1,486,747	1,654,868	(168,121)
Other Amounts	9,435,117	10,538,690	(1,103,573)
Total Liabilities	26,998,763	40,038,972	(13,040,209)
Deferred Inflows of Resources			
Property Taxes	7,290,351	7,602,194	(311,843)
Pension	9,742,054	248,893	9,493,161
OPEB	2,557,089	2,391,811	165,278
Total Deferred Inflows of Resources	19,589,494	10,242,898	9,346,596
Net Position			
Net Investment in Capital Assets	51,155,531	49,699,256	1,456,275
Restricted	15,513,946	15,733,618	(219,672)
Unrestricted	22,744,346	19,204,148	3,540,198
Total Net Position	$89,413,823	$84,637,022	$4,776,801

The net pension liability (NPL) and the net OPEB liability (NOL) when combined are the largest type of liability reported by the Center at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Total assets reflect an increase in the amount of $458,576. Current and other assets reflect a decrease in the amount of $3,529,236 primarily due to a decrease in investments segregated for construction projects. This decrease was offset by an increase in capital assets. Cash and cash equivalents have increased in the amount of $1,688,432 as the Center strives to maintain a healthy working balance in as many areas as possible. Capital assets increased by $3,795,526 as current year capitalizations exceeded depreciation. In fiscal year 2020, the Center entered into a financed purchase contract, the proceeds of which are being used for construction of a local facility project.

Deferred outflows of resources increased in the amount of $624,612, due to the net differences between expected and actual experience, earnings on investments, payments subsequent to the measurement date, and changes of assumptions related to the Center's proportionate share of the net pension and OPEB liabilities.

Total liabilities decreased $13,040,209. Long-term liabilities decreased $11,886,753 due to the decrease in the net pension/OPEB liability in the amount of $10,777,739, the decrease in other long-term liabilities in the amount of $1,103,573, and the decrease in due in one year in the amount of $5,441. The decrease in other long-term liabilities is due to payments on outstanding debt. The changes in the net pension and OPEB liabilities represent changes in the Center's proportionate share of the STRS and SERS unfunded benefits. Changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

Total deferred inflows of resources increased $9,346,596. This increase was the result of three factors; an increase in deferred inflows of resources related to pension due to changes in pension plan investments, and an increase in deferred inflows of resources related to OPEB due to changes in assumptions, which were offset by a decrease in deferred inflows of resources for property taxes.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position in the amount of $4,776,801. The largest change is in unrestricted net position due primarily to the change in pension and OPEB related items as discussed elsewhere. Restricted net position decreased in the amount of $219,672 primarily due to the decreases in amounts restricted for capital projects, as construction projects are completed and placed in service. Net investment in capital assets increased by $1,456,275 as a combined result of retiring capital related debt and recognizing current year capitalizations and depreciation.

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Table 2 shows the changes in net position for the fiscal year 2022 and comparisons to fiscal year 2021.

Table 2 - Change in Net Position

	Governmental Activities		
	2022	2021	Change
Revenues			
Program Revenues:			
Charges for Services	$1,946,248	$2,570,790	($624,542)
Operating Grants, Contributions, and Interest	8,500,653	6,944,866	1,555,787
Capital Grants, Contributions, and Interest	71,338	137,881	(66,543)
Total Program Revenues	10,518,239	9,653,537	864,702
General Revenues:			
Property Taxes	11,835,634	12,228,201	(392,567)
Payments in Lieu of Taxes	11,468	34,635	(23,167)
Grants and Entitlements	6,146,884	6,351,278	(204,394)
Interest and Miscellaneous	(615,680)	352,562	(968,242)
Total General Revenues	17,378,306	18,966,676	(1,588,370)
Total Revenues	27,896,545	28,620,213	(723,668)
Program Expenses			
Instruction:			
Regular	2,878,502	3,186,554	(308,052)
Vocational	8,246,732	8,401,301	(154,569)
Adult/Continuing	3,445,151	3,198,381	246,770
Support Services:			
Pupils	1,214,667	1,352,348	(137,681)
Instructional Staff	1,113,565	1,312,949	(199,384)
Board of Education	57,136	59,597	(2,461)
Administration	1,589,331	1,937,058	(347,727)
Fiscal	872,293	1,001,869	(129,576)
Business	209,160	304,756	(95,596)
Operation and Maintenance of Plant	2,054,433	1,755,767	298,666
Pupil Transportation	132,534	119,976	12,558
Central	275,649	257,942	17,707
Operation of Non-Instructional Services	636,826	477,739	159,087
Extracurricular Activities	189,195	129,358	59,837
Interest	204,570	226,883	(22,313)
Total Expenses	23,119,744	23,722,478	(602,734)
Change in Net Position	4,776,801	4,897,735	(120,934)
Net Position Beginning of Year	84,637,022	79,739,287	4,897,735
Net Position End of Year	$89,413,823	$84,637,022	$4,776,801

Net position increased by $4,776,801 in fiscal year 2022. Overall revenues reflect a decrease in the amount of $723,668. Program revenues increased in the amount of $864,702 and general revenues decreased in the amount of $1,588,370. The decrease in charges for services is largely due to a change in State foundation revenues related to tuition. The tuition revenues are now reflected as general revenues in grants and entitlements from the Ohio Department of Education. Operating grants, contributions, and interest increased by $1,555,787 from fiscal year 2021. The additional grant funding from State and Federal grants related to COVID-19.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00. Property taxes made up 42 percent of revenues for governmental activities in fiscal year 2022. The remaining 58 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult education program.

Instructional programs comprise 63 percent of total governmental program expenses. Of the instructional expenses, approximately 57 percent is for vocational instruction, 23 percent is for adult/continuing instruction, and 20 percent is for regular instruction. Expenses have decreased in the majority of programs. These decreases are the direct result of pension/OPEB expense as explained earlier. Without the pension/OPEB expense, there are minimal changes from the prior fiscal year in program expenses as a result of practical administrative financial decisions which led to the increase in cash and cash equivalents.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

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Table 3 - Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Instructional Services:				
Regular	$2,878,502	$2,878,502	$3,186,554	$3,186,554
Vocational	8,246,732	3,649,967	8,401,301	4,034,232
Adult/Continuing	3,445,151	(508,391)	3,198,381	(272,380)
Suport Services:				
Pupils	1,214,667	1,012,295	1,352,348	1,020,212
Instructional Staff	1,113,565	539,697	1,312,949	658,397
Board of Education	57,136	57,136	59,597	59,597
Administration	1,589,331	1,560,272	1,937,058	1,927,596
Fiscal	872,293	779,681	1,001,869	836,398
Business	209,160	209,160	304,756	304,756
Operation and Maintenance of Plant	2,054,433	1,915,410	1,755,767	1,574,463
Pupil Transportation	132,534	132,534	119,976	119,131
Central	275,649	249,685	257,942	257,942
Operation of Non-Instructional Services	636,826	(153,685)	477,739	62,440
Extracurricular Activities	189,195	74,672	129,358	72,720
Interest	204,570	204,570	226,883	226,883
Total Expenses	$23,119,744	$12,601,505	$23,722,478	$14,068,941

The dependence upon tax revenues and State subsidies is apparent. Approximately 55 percent of total expenses are supported through taxes and other general revenues. Over the past several years the Center has remained in a stable financial position. The Center receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Washington, Monroe, Fairfield, and Noble Counties.

The Center's Major Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues in the amount of $27,489,369, expenditures in the amount of $29,909,736, and an overall decrease in fund balance in the amount of $2,420,367, after other financing source and use.

The General Fund's net change in fund balance after other financing use for the year was an increase in the amount of $1,758,897. The positive change in the General Fund, as has been the case for the past several years, reflects the Center's continuing commitment to maintaining a healthy cumulative balance in its primary operating fund. Sound fiscal and administrative judgment has helped the Center meet their goal not to deficit spend.

The Adult Education Special Revenue Fund adds to its carryover fund balance with a net change of $90,804. This program continues to cover its costs associated with adult instruction with adequate revenue. However, this fund greatly relies on Pell grant and Stafford loan subsidies for its operating costs and without this funding would not be able to sustain current operations on tuition revenue alone.

The 2020 Construction Capital Projects Fund was established during fiscal year 2020. The fund continues to have major fund status due to current year expenditures. Current year liability accruals and capital outlay expenditures have increased from the prior year and are the result of signed contractual commitments and other capital expenditures associated with this project.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the Center amended its General Fund revenue and expenditure budgets, but the changes were not significant as compared to the original budget. Budgeted revenues were $808,917 below actual results due to conservative intergovernmental revenue estimates. Final budgeted expenditures increased and were $1,547,866 higher than actual results. Vocational instruction expenditures were anticipated at a higher amount than actual results as the Center expected more core academic classes to become necessary. In addition, the Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund unencumbered ending cash balance totaled $30,119,894, which was $2,579,784 above the final budgeted amount of $27,540,110.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the Center had $59,824,047 invested in land, construction in progress, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021.

Table 4
Capital Assets at June 30

	Governmental Activities	
	2022	2021
Land	$788,955	$585,623
Construction in Progress	510,752	7,354,440
Buildings and Improvements	56,029,578	45,771,687
Vehicles	476,040	544,736
Intangible right to use assets - Equipment	6,503	7,803
Machinery, Equipment, Furniture and Fixtures	2,012,219	1,764,232
Totals	$59,824,047	$56,028,521

See Note 11 for more detailed information of the Center's capital assets.

Long-Term Obligations

At June 30, 2022, the Center had $9,837,607 in outstanding long-term debt, which is comprised of $9,836,000 in outstanding financed purchases and $1,607 in outstanding leases.

In addition to the above, the Center's long-term obligations include compensated absences and net pension/OPEB liability.

See Note 17 for more detailed information about the Center's long term obligations.

Economic Factors

During fiscal year 2022, on a modified accrual basis, General Fund revenues exceeded General Fund expenditures and other financing uses by $1,758,897. However, as the preceding information demonstrates, the Center depends on its property taxpayers. The Center has continued to maintain spending in line with revenues. Careful monitoring of the Center finances must continue if the Center hopes to remain on firm financial footing. The Board of Education and Administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center, as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the Center's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Nan Nolder, Treasurer/CFO at Mid-East Career and Technology Centers, 400 Richards Rd., Zanesville, Ohio 43701, or e-mail at nnolder@mideastctc.org.

Mid-East Career and Technology Centers, Ohio
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$52,853,632
Cash and Cash Equivalents in Segregated Accounts	1,388,622
Investments	1,639,231
Accounts Receivable	433,797
Inventory Held for Resale	5,375
Materials and Supplies Inventory	47,072
Prepaid Items	152,153
Accrued Interest Receivable	69,925
Property Taxes Receivable	12,567,366
Intergovernmental Receivable	536,216
Net OPEB Asset	1,429,304
Nondepreciable Capital Assets	1,299,707
Depreciable Capital Assets, Net	58,524,340
Total Assets	130,946,740
Deferred Outflows of Resources	
Pension	4,616,513
OPEB	438,827
Total Deferred Outflows of Resources	5,055,340
Liabilities	
Matured Compensated Absences Payable	55,844
Accounts Payable	133,945
Contracts Payable	421,642
Retainage Payable	18,875
Accrued Wages and Benefits Payable	1,888,961
Intergovernmental Payable	481,062
Accrued Interest Payable	15,768
Vacation Benefits Payable	188,974
Long-Term Liabilities:	
Due Within One Year	1,153,917
Due in More Than One Year:	
Net Pension Liability	11,717,911
Net OPEB Liability	1,486,747
Other Amounts	9,435,117
Total Liabilities	26,998,763
Deferred Inflows of Resources	
Property Taxes	7,290,351
Pension	9,742,054
OPEB	2,557,089
Total Deferred Inflows of Resources	19,589,494
Net Position	
Net Investment in Capital Assets	51,155,531
Restricted for:	
Capital Projects	5,804,767
Set Asides	45,566
Adult Education	3,642,355
District Managed Activities	106,485
Classroom Facilities Maintenance	5,514,767
State Grant Programs	104,026
Food Service Operations	283,327
Unclaimed Monies	1,793
Federal Grant Programs	10,860
Unrestricted	22,744,346
Total Net Position	$89,413,823

See accompanying notes to the basic financial statements

		Program Revenues			Net (Expense) Revenue and Change and in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$2,878,502	$0	$0	$0	($2,878,502)
Vocational	8,246,732	242,928	4,306,942	46,895	(3,649,967)
Adult/Continuing	3,445,151	1,294,704	2,658,838	0	508,391
Support Services:					
Pupils	1,214,667	0	202,372	0	(1,012,295)
Instructional Staff	1,113,565	149,188	424,680	0	(539,697)
Board of Education	57,136	0	0	0	(57,136)
Administration	1,589,331	0	29,059	0	(1,560,272)
Fiscal	872,293	31,013	57,156	4,443	(779,681)
Business	209,160	0	0	0	(209,160)
Operation and Maintenance of Plant	2,054,433	25,301	93,722	20,000	(1,915,410)
Pupil Transportation	132,534	0	0	0	(132,534)
Central	275,649	0	25,964	0	(249,685)
Operation of Non-Instructional Services:					
Food Service Operations	607,433	89,057	689,337	0	170,961
Other Non-Instructional Services	29,393	0	12,117	0	(17,276)
Extracurricular Activities	189,195	114,057	466	0	(74,672)
Interest	204,570	0	0	0	(204,570)
Total Governmental Activities	$23,119,744	$1,946,248	$8,500,653	$71,338	(12,601,505)

General Revenues	
Property Taxes Levied for General Purposes	10,484,790
Property Taxes Levied for Capital Outlay	1,350,844
Payments in Lieu of Taxes	11,468
Grants and Entitlements not Restricted to Specific Programs	6,146,884
Interest	(644,694)
Miscellaneous	29,014
Total General Revenues	17,378,306
Change in Net Position	4,776,801
Net Position Beginning of Year	84,637,022
Net Position End of Year	$89,413,823

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2022

	General	Adult Education	2020 Construction	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$30,458,082	$3,440,686	$0	$18,888,630	$52,787,398
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,388,622	1,388,622
Investments	0	0	1,639,231	0	1,639,231
Inventory Held for Resale	0	0	0	5,375	5,375
Materials and Supplies Inventory	43,012	0	0	4,060	47,072
Accounts Receivable	11,671	422,126	0	0	433,797
Intergovernmental Receivable	3,994	1,605	0	530,617	536,216
Accrued Interest Receivable	48,038	5,671	0	16,216	69,925
Interfund Receivable	146,368	3,400	0	0	149,768
Prepaid Items	118,790	26,743	0	6,620	152,153
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	47,359	0	18,875	0	66,234
Property Taxes Receivable	11,117,991	0	0	1,449,375	12,567,366
Total Assets	$41,995,305	$3,900,231	$1,658,106	$22,289,515	$69,843,157
Liabilities					
Accounts Payable	$78,459	$35,697	$5,789	$14,000	$133,945
Accrued Wages and Benefits Payable	1,653,931	104,846	0	130,184	1,888,961
Intergovernmental Payable	430,001	19,705	0	31,356	481,062
Matured Compensated Absences Payable	55,844	0	0	0	55,844
Interfund Payable	0	0	0	149,768	149,768
Contracts Payable	0	0	421,642	0	421,642
Retainage Payable	0	0	18,875	0	18,875
Total Liabilities	2,218,235	160,248	446,306	325,308	3,150,097
Deferred Inflows of Resources					
Property Taxes	6,446,501	0	0	843,850	7,290,351
Unavailable Revenue	1,133,593	424,773	0	475,933	2,034,299
Total Deferred Inflows of Resources	7,580,094	424,773	0	1,319,783	9,324,650
Fund Balances					
Nonspendable:					
Inventories	43,012	0	0	4,060	47,072
Prepaid Items	118,790	26,743	0	6,620	152,153
Unclaimed Monies	1,793	0	0	0	1,793
Restricted for:					
Capital Projects	0	0	1,211,800	5,360,492	6,572,292
Set Asides	45,566	0	0	0	45,566
Food Service Operations	0	0	0	292,957	292,957
Adult Education	0	3,288,467	0	0	3,288,467
District Managed Activities	0	0	0	105,972	105,972
Classroom Facilities Maintenance	0	0	0	5,513,214	5,513,214
Federal Grant Programs	0	0	0	7,760	7,760
State Grant Programs	0	0	0	58,385	58,385
Committed to:					
Capital Improvements	0	0	0	9,252,907	9,252,907
Severance Payments	901,016	0	0	0	901,016
Scholarships	0	0	0	67,122	67,122
Assigned to:					
Purchases on Order	199,117	0	0	0	199,117
Subsequent Years' Appropriations	199,953	0	0	0	199,953
Other Purposes	39,038	0	0	0	39,038
Unassigned (Deficit)	30,648,691	0	0	(25,065)	30,623,626
Total Fund Balances	32,196,976	3,315,210	1,211,800	20,644,424	57,368,410
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$41,995,305	$3,900,231	$1,658,106	$22,289,515	$69,843,157

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances			$57,368,410
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			59,824,047
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:			
	Delinquent Property Taxes	1,243,754	
	Intergovernmental Revenues	324,107	
	Interest Revenue	32,641	
	Tuition and Fees	433,797	2,034,299
Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds.			(188,974)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.			(15,768)
The net OPEB asset and net pension/OPEB liability are not due and payable in the current period and therefore the asset, liability, and related deferred inflows/outflows are not reported in governmental funds:			
	Net OPEB Asset	1,429,304	
	Deferred Outflows - Pension	4,616,513	
	Deferred Inflows - Pension	(9,742,054)	
	Net Pension Liability	(11,717,911)	
	Net OPEB Liability	(1,486,747)	
	Deferred Outflows - OPEB	438,827	
	Deferred Inflows - OPEB	(2,557,089)	(19,019,157)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
	Financed Purchases Payable	(9,836,000)	
	Leases Payable	(1,607)	
	Compensated Absences	(751,427)	(10,589,034)
Net Position of Governmental Activities			$89,413,823

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Adult Education	2020 Construction	Other Govermental Funds	Total Governmental Funds
Revenues					
Property Taxes	$10,281,266	$0	$0	$1,335,963	$11,617,229
Payments in Lieu of Taxes	11,147	0	0	321	11,468
Intergovernmental	9,814,232	2,828,524	0	2,127,256	14,770,012
Interest	(546,456)	(64,417)	2,582	(180,950)	(789,241)
Tuition and Fees	130,204	1,369,326	0	0	1,499,530
Extracurricular Activities	18,013	0	0	97,149	115,162
Charges for Services	120,774	16,064	0	89,057	225,895
Gifts and Donations	6,900	0	0	3,400	10,300
Miscellaneous	21,985	5,305	1,466	258	29,014
Total Revenues	19,858,065	4,154,802	4,048	3,472,454	27,489,369
Expenditures					
Current:					
Instruction:					
Regular	2,932,935	0	0	0	2,932,935
Vocational	7,471,197	0	0	988,729	8,459,926
Adult/Continuing	4,555	3,505,597	0	302,784	3,812,936
Support Services:					
Pupils	1,067,195	0	0	202,498	1,269,693
Instructional Staff	615,199	405,634	0	170,629	1,191,462
Board of Education	57,136	0	0	0	57,136
Administration	1,685,053	0	0	29,099	1,714,152
Fiscal	811,205	84,529	0	32,237	927,971
Business	233,015	0	0	0	233,015
Operation and Maintenance of Plant	1,538,556	68,238	0	176,792	1,783,586
Pupil Transportation	106,918	0	0	0	106,918
Central	249,134	0	0	25,225	274,359
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	602,963	602,963
Other Non-Instructional Services	9,454	0	0	19,939	29,393
Extracurricular Activities	110,976	0	0	78,219	189,195
Capital Outlay	203,332	0	3,472,027	1,315,379	4,990,738
Debt Service:					
Principal Retirement	2,987	0	0	1,124,000	1,126,987
Interest and Fiscal Charges	321	0	0	206,050	206,371
Total Expenditures	17,099,168	4,063,998	3,472,027	5,274,543	29,909,736
Excess of Revenues Over (Under) Expenditures	2,758,897	90,804	(3,467,979)	(1,802,089)	(2,420,367)
Other Financing Source (Use)					
Transfers In	0	0	0	1,000,000	1,000,000
Transfers Out	(1,000,000)	0	0	0	(1,000,000)
Total Other Financing Source (Use)	(1,000,000)	0	0	1,000,000	0
Net Change in Fund Balances	1,758,897	90,804	(3,467,979)	(802,089)	(2,420,367)
Fund Balances Beginning of Year	30,438,079	3,224,406	4,679,779	21,446,513	59,788,777
Fund Balances End of Year	$32,196,976	$3,315,210	$1,211,800	$20,644,424	$57,368,410

See accompanying notes to the basic financial statements

Net Change in Fund Balances - Total Governmental Funds			($2,420,367)
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:			
	Capital Asset Additions	5,186,422	
	Current Year Depreciation	(1,390,896)	3,795,526
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:			
	Delinquent Property Taxes	218,405	
	Intergovernmental Revenues	53,314	
	Interest Revenue	8,691	
	Tuition and Fees Revenues	106,766	387,176
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net position.			1,126,987
In the statement of activities, interest is accrued on outstanding capital leases , whereas in governmental funds, an interest expenditure is reported when due.			1,801
Contractually required contributions are reported as expenditures in governmental funds, however, the statement of net position reports these amounts as deferred outflows:			
	Pension	1,686,860	
	OPEB	24,720	1,711,580
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:			
	Pension	117,623	
	OPEB	106,995	224,618
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:			
	Compensated Absences	(17,973)	
	Vacation Benefits	(32,547)	(50,520)
Change in Net Position of Governmental Activities			$4,776,801

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Property Taxes	$9,864,183	$9,864,183	$10,359,828	$495,645
Payments in Lieu of Taxes	35,131	35,131	11,147	(23,984)
Intergovernmental	9,153,074	9,140,251	9,882,096	741,845
Interest	250,000	250,000	186,858	(63,142)
Tuition and Fees	448,432	448,432	131,567	(316,865)
Gifts and Donations	0	0	6,900	6,900
Charges for Services	146,000	146,000	121,302	(24,698)
Extracurricular Activities	0	17,500	18,013	513
Miscellaneous	16,149	27,849	20,552	(7,297)
Total Revenues	19,912,969	19,929,346	20,738,263	808,917
Expenditures				
Current:				
Instruction:				
Regular	2,897,993	2,901,993	2,896,546	5,447
Vocational	8,090,855	7,907,239	7,136,920	770,319
Adult/Continuing	8,000	8,000	4,555	3,445
Support Services:				
Pupils	1,177,940	1,180,715	1,065,440	115,275
Instructional Staff	742,446	791,971	629,347	162,624
Board of Education	106,694	119,915	69,721	50,194
Administration	1,796,795	1,821,671	1,693,264	128,407
Fiscal	841,264	861,350	831,197	30,153
Business	299,779	323,941	255,810	68,131
Operation and Maintenance of Plant	1,594,459	1,648,269	1,580,837	67,432
Pupil Transportation	133,239	141,200	109,229	31,971
Central	252,611	273,187	269,283	3,904
Operation of Non-Instructional/Shared Services	25,000	30,200	9,454	20,746
Extracurricular Activities	145,095	145,095	101,945	43,150
Capital Outlay	250,000	250,000	203,332	46,668
Debt Service:				
Principal Retirement	2,987	2,987	2,987	0
Interest and Fiscal Charges	321	321	321	0
Total Expenditures	18,365,478	18,408,054	16,860,188	1,547,866
Excess of Revenues Over Expenditures	1,547,491	1,521,292	3,878,075	2,356,783
Other Financing Source (Use)				
Transfers In	70,000	61,623	0	(61,623)
Transfers Out	(1,320,000)	(1,284,624)	(1,000,000)	284,624
Total Other Financing Source (Use)	(1,250,000)	(1,223,001)	(1,000,000)	223,001
Net Change in Fund Balance	297,491	298,291	2,878,075	2,579,784
Fund Balance Beginning of Year	27,070,098	27,070,098	27,070,098	0
Prior Year Encumbrances Appropriated	171,721	171,721	171,721	0
Fund Balance End of Year	$27,539,310	$27,540,110	$30,119,894	$2,579,784

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$2,340,662	$3,354,806	$2,831,737	($523,069)
Interest	30,000	30,000	22,974	(7,026)
Tuition and Fees	3,337,789	3,340,289	1,381,250	(1,959,039)
Charges for Services	13,750	13,750	16,064	2,314
Miscellaneous	1,125	0	1,905	1,905
Total Revenues	5,723,326	6,738,845	4,253,930	(2,484,915)
Expenditures				
Current:				
Instruction:				
Adult/Continuing	5,536,939	6,612,116	3,850,198	2,761,918
Support Services:				
Instructional Staff	439,893	448,800	428,664	20,136
Fiscal	114,335	118,070	111,296	6,774
Operation and Maintenance of Plant	66,159	66,159	68,012	(1,853)
Total Expenditures	6,157,326	7,245,145	4,458,170	2,786,975
Net Change in Fund Balance	(434,000)	(506,300)	(204,240)	302,060
Fund Balance Beginning of Year	3,286,445	3,286,445	3,286,445	0
Prior Year Encumbrances Appropriated	73,933	73,933	73,933	0
Fund Balance End of Year	$2,926,378	$2,854,078	$3,156,138	$302,060

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2022

Assets	
Equity in Pooled Cash and Cash Equivalents	$75,753
Investments in Segregated Accounts	1,169,443
Total Assets	$1,245,196
Net Position	
Restricted for Individuals	$1,245,196

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2022

Additions	
Interest	($124,111)
Deductions	
Payments for Scholarships to Individuals	71,497
Change in Net Position	(195,608)
Net Position Beginning of Year	1,440,804
Net Position End of Year	$1,245,196

See accompanying notes to the basic financial statements

Note 1 - Description of the Center and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the School District name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the School District name was changed to the Mid-East Career and Technology Centers (Center). The 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 Center includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The Center is staffed by 78 classified employees and 111 certified teaching personnel who provide services to 1,045 students and other community members. The Center currently operates eleven instructional and administrative buildings on two campuses.

The Center operates under a thirteen member appointed Board of Education and is responsible for the provision of public education to residents of the Center. The Board consists of either 1) one member from the participating school districts' elected Boards or 2) one member appointed by the Board of Education of each of the above districts. For the Center, the members from Crooksville Exempted Village School District, Northern Local School District, Tri-Valley Local School District, and Zanesville City School District are appointed by their respective boards of education.

Reporting Entity

Since the Center does not have a separately elected governing board and does not meet the definition of a component unit, it is classified as a stand-alone government under the provisions of Governmental Accounting Standards Board Statement 14, "The Financial Reporting Entity."

The reporting entity is composed of the stand-alone government, component units, and other organizations that are included to insure that the financial statements of the Center are not misleading. The Center consists of all funds, departments, boards, and agencies that are not legally separate from the Center. For Mid-East Career and Technology Centers, this includes general operations, food service, and student related activities of the Center.

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

The Center participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), the Coalition of Rural and Appalachian Schools (CORAS), the Ohio Coalition for Equity and Adequacy of School Funding, and the Metropolitan Educational Technology Association (META Solutions), which are defined as jointly governed organizations, and the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program and the Ohio School Benefits Cooperative, which are defined as group insurance purchasing pools. Additional information concerning these organizations is presented in Note 18.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the 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 Center's accounting policies are described below.

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

> ***General Fund*** The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Center for any purpose, provided it is expended and transferred according to the general laws of Ohio.
>
> ***Adult Education Special Revenue Fund*** The Adult Education Special Revenue Fund accounts for intergovernmental, interest, and tuition and fees revenues that are restricted to be used in connection with adult education classes.
>
> ***2020 Construction Capital Projects Fund*** The 2020 Construction Capital Projects Fund accounts for the proceeds of a lease-purchase agreement restricted for constructing, enlarging, improving, furnishing, and equipping certain project facilities.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center’s only fiduciary fund is a private purpose trust fund which accounts for a scholarship program for nursing students.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Center, available means expected to be received within 60 days of fiscal year end.

Nonexchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On 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 Center must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Center on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 15 and 16.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Center, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 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 Center unavailable revenue includes delinquent property taxes, intergovernmental grants, accrued interest, and tuition and fees. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. 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 and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16)

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 governmental funds.

Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the Center is pooled. Monies for all funds, except for a portion of the private purpose trust fund monies and segregated accounts, are maintained in this pool. Individual fund integrity is maintained through the Center's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2022, the Center's investments were limited to United States Treasury bills and notes, federal agency securities, municipal bonds, mutual funds, negotiable certificates of deposit, and STAR Ohio. Investments in United States Treasury bills and notes, municipal bonds, federal agency securities, and negotiable certificates of deposit are stated at fair value. Investments in mutual funds are stated at fair value based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants".

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transactions to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Based upon Board policy, the Center distributes interest to the General Fund, the Adult Education, Fox Scholarship, Student Activities, and Food Service Special Revenue Funds, Permanent Improvement Levy and Permanent Improvement Capital Projects Funds, and the Private Purpose Trust Fund. Interest revenue credited to the General Fund during fiscal year 2022 amounted to ($546,456), which includes ($258,986) assigned from other Center funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Center are presented on the financial statements as cash equivalents. Investments with an original maturity of greater than three months and not purchased from the cash management pool are presented on the financial statements as cash and cash equivalents and investments in segregated accounts. The Center reports the change in fair value of investments. The calculation of realized gains/losses is independent of the calculation of the change in fair value of investments. The realized gains/losses of the current period include unrealized amounts from prior periods.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, 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 expense/expenditure is reported in the year in which services are consumed.

Inventory

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

Capital Assets

All of the Center's capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets which are discussed as follows) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Center was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the assets to be capitalized and using an appropriate price-index to deflate the costs to the acquisition year or estimated acquisition year.) Donated fixed assets are recorded at their acquisition values as of the date received. The Center maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets 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:

Description	Governmental Activities Estimated Lives
Buildings and Improvements	50 Years
Vehicles	8-10 Years
Machinery, Equipment, Furniture and Fixtures	5-25 Years

The Center is reporting intangible right to use assets related to leased buildings and equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service. The liability for vacation benefits is recorded as “vacation benefits payable”, rather than long-term liabilities, as the balances are to be used by employees in the fiscal year in which the benefit was earned.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rate at fiscal year-end, taking into consideration any limits specified in the Center’s termination policy. The Center records a liability for accumulated unused sick leave for all employees after seventeen years of current service with the Center and who are within ten years of retirement.

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

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

Accrued Liabilities and Long-term Obligations

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

Pensions/Other Postemployment Benefits (OPEB)

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

Bond Premiums

On the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds are issued. The face amount of the debt and the premium received on the debt issuance are reported as other financing sources.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the repayment to the bond escrow agent.

Interfund Activity

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

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

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Restricted assets on the Governmental Balance Sheet represent cash and cash equivalents required by State statute to be set aside to create a reserve for budget stabilization, amounts representing unclaimed monies, and amounts withheld on construction contracts until the successful completion of the contracts. See Note 20 for additional information regarding set asides.

Fund Balance

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

> Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash. It also includes the long-term portion of loans 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: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.
>
> Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Center Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
>
> Assigned: Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Center’s Board of Education delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2023’s appropriated budget.

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

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

Net Position

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

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

Extraordinary and Special Items

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

Estimates

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

Budgetary Data

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

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

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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Note 3 - Change in Accounting Principles

For fiscal year 2022, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, Leases.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated into the Center's 2022 financial statements; however, there was no effect on beginning net position.

The Center is also implementing Implementation Guide No. 2020-1, GASB Statement No. 92 Omnibus 2020, and GASB Statement No. 97 Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the Center's 2022 financial statements; however, there was no effect on beginning net position.

For fiscal year 2022, the Center modified its approach related to the eligibility requirements of certain Center grants; however, there was no effect on beginning net position.

Note 4 - Accountability

At June 30, 2022, the Vocational Education Federal Grant and Governors Emergency Education Relief Special Revenue Funds had deficit fund balances of $18,706 and $6,359, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the 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 Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the General Fund and the Adult Education Special Revenue Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budgets. The major differences between the budget basis and GAAP basis are as follows:

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

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

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

4. Unrecorded cash, unreported interest, and fair value adjustments for investments represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.

5. Prepaid items are reported on the balance sheet (GAAP basis) but not on the budget basis.

6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and are reported with the General Fund (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund and the Adult Education Special Revenue Fund:

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	$1,758,897	$90,804
Net Adjustment for Revenue Accruals	142,445	11,149
Unreported Interest - Prior Year	1,515	190
Unreported Interest - Current Year	892	105
Fair Value for Investments - Prior Year	86,691	10,898
Fair Value for Investments - Current Year	650,455	76,786
Prepaid Items - Prior Year	113,364	32,334
Prepaid Items - Current Year	(118,790)	(26,743)
Net Adjustment for Expenditure Accruals	486,281	(38,319)
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(453)	0
Encumbrances	(243,222)	(361,444)
Budget Basis	$2,878,075	($204,240)

Note 6 - Deposits and Investments

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

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

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

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

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

Interim monies held by the Center can be deposited or invested in the following securities:

1. United States Treasury 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

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

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

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

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

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

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

Investments: As of June 30, 2022, the Center had the following investments:

Measurement/Investment	Measurement Amount	Maturity	S&P/ Moody's Rating	Percent of Total Investments
Net Value Per Share				
STAR Ohio	$148,415	Average 35.3 days	AAAm	N/A
Fair Value - Level 1 Inputs				
Money Market Mutual Funds	784,065	N/A	N/A	2.96%
Massachusetts Investors Trust - Open End Mutual Fund	1,169,443	N/A	N/A	4.42%
Total Level 1 Inputs	1,953,508			
Fair Value - Level 2 Inputs				
Federal Home Loan Mortgage Corporation Notes	1,821,032	05/05/2023-12/23/2025	AA+/Aaa	6.88%
Federal National Mortgage Association Notes	1,778,427	08/17/2023-08/27/2025	AA+/Aaa	6.72%
Federal Home Loan Bank Bonds	5,764,097	08/12/2022-02/26/2026	AA+/Aaa	21.78%
Federal Farm Credit Bank Notes	3,744,502	08/05/2022-02/25/2025	AA+/Aaa	14.15%
Negotiable Certificates of Deposit	7,211,425	07/19/2022-03/16/2027	N/A	27.25%
Municipal Bonds	3,099,176	11/10/2022-12/01/2024	AA/Aa2	11.71%
US Treasury Bills/Notes	1,095,489	02/28/2023-04/15/2024	AA+/Aaa	4.14%
Total Level 2 Inputs	24,514,148			
Total	$26,616,071			

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Center's recurring fair value measurements as of June 30, 2022. The Money Market Mutual Funds and the Open End Mutual Fund are measured at fair value and are valued using quoted market prices (Level 1 inputs). The Center's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (level 2 inputs).

Interest Rate Risk

The Center's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The stated intent of the investment policy is to avoid the need to sell securities prior to maturity.

Credit Risk

Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Center has no investment policy that addresses custodial credit risk.

Concentration of Credit Risk

The Center places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of total investments is listed in the table above.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance, and recognized as revenue at June 30, 2022, was $3,571,992 in the General Fund and $461,269 in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance at June 30, 2021, was $3,650,554 in the General Fund and $485,065 was available in the Permanent Improvement Levy Capital Projects Fund.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second-Half Collections		2022 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$3,427,112,043	71.81%	$3,587,505,143	71.50%
Public Utility Personal	1,345,530,950	28.19%	1,430,030,340	28.50%
Total	$4,772,642,993	100.00%	$5,017,535,483	100.00%
Tax rate per $1,000 of assessed valuation	$3.55		$3.55	

Note 8 - Tax Abatements

Center property taxes were reduced as follows under enterprise zone tax exemption agreements entered into by overlapping governments:

Overlapping Government	Fiscal Year 2022 Taxes Abated
Rolling Hills Local School District	$30,380
Cambridge City School District	3,629
Zanesville City School District	1,658
Tri-Valley Local School District	17,959
East Muskingum Local School District	5,338
West Muskingum Local School District	374
	$59,338

The above amounts are reported net of the payments in lieu of taxes that the Center receives as a result of these overlapping government agreements with counties in the boundaries of the Center. The overlapping governments have agreed to these enterprise zone agreements with various companies and are being compensated, in part, for lost real and personal property taxes that otherwise would have been due each year, pursuant to the financing agreements. The Center shares in these payments that are shown as Payments in Lieu of Taxes in the financial statements.

Note 9 - Receivables

Receivables at June 30, 2022, consisted of property taxes, accounts, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes and the classroom facilities grant, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $1,243,754 may not be collected within one year. The portion of the State Classroom Facilities grant totaling $254,601 that will be paid to the Center through the Ohio School Facilities Commission for future construction and/or final reconciliation of the program, may not be collected within one year.

On October 1, 2009, the Center was awarded $22,712,695 for renovations to buildings on two campuses under the State's "Classroom Facilities Program". Under this program, the Center entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As part of the process, the Center maintained a fund into which a set amount of proceeds from a levy was receipted for facilities maintenance. On December 23, 2010, an amendment to this project was approved in the amount of $3,233,631 due to a reassessment of the budget for the project. As of the end of the fiscal year 2022, the Center had received $25,691,725 of the monies awarded under this program. The remaining amount of $254,601 is recorded as a receivable and unavailable revenue on the balance sheet.

A summary of principal items of intergovernmental receivables follows:

	Amounts
ABLE Grant	$43,608
Carl D. Perkins Secondary Grant	117,290
Carl D. Perkins Adult Grant	11,950
Governors Emergency Education Relief	47,376
Ohio School Facilities Grant	254,601
Miscellaneous State Grants	55,792
Foundation Adjustments	3,127
Miscellaneous Intergovernmental Receivables	2,472
Total	$536,216

During fiscal year 2022, the Center received payments in lieu of taxes from Haliburton Energy Services, Incorporated, Fyda Freightliner, Incorporated, and Store It, LLC. (See Note 8). These companies remit these payments to the county treasurer where they are distributed to the taxing subdivisions levying taxes in the subdivisions in which the property is located. As of June 30, 2022, there are no amounts that are currently being billed and the amount of revenue on the financial statements represent the final amounts received from tax year 2021.

Note 10 - Interfund Balances

At June 30, 2022, the General Fund reflects an interfund receivable in the amount of $146,368. This amount is due from the Miscellaneous State Grants, Vocational Education Federal Grant, Governors Emergency Education Relief, and Miscellaneous Federal Grants Special Revenue Funds in the amounts of $39,338, $54,532, $30,608, and $21,890, respectively, on the governmental fund balance sheet. At June 30, 2022, the Adult Education Special Revenue Fund reflects an interfund receivable in the amount of $3,400. This amount is due from the Miscellaneous State Grants Special Revenue Fund. All of these transactions are the result of interfund loans used to provide cash flow resources until the receipt of grant monies.

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Note 11 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 06/30/2021	Additions	Deletions	Balance 06/30/2022
Nondepreciable Capital Assets				
Land	$585,623	$203,332	$0	$788,955
Construction in Progress	7,354,440	3,228,900	(10,072,588)	510,752
Total Nondepreciable Capital Assets	7,940,063	3,432,232	(10,072,588)	1,299,707
Depreciable Capital Assets				
Buildings and Improvements	59,557,689	11,272,305	0	70,829,994
Vehicles	1,423,253	21,850	0	1,445,103
Intangible Right to Use Lease - Equipment	7,803	0	0	7,803
Machinery, Equipment, Furniture and Fixtures	4,183,344	532,623	(5,725)	4,710,242
Total Depreciable Capital Assets	65,172,089	11,826,778	(5,725)	76,993,142
Less Accumulated Depreciation:				
Buildings and Improvements	(13,786,002)	(1,014,414)	0	(14,800,416)
Vehicles	(878,517)	(90,546)	0	(969,063)
Intangible Right to Use Lease - Equipment	0	(1,300)	0	(1,300)
Machinery, Equipment, Furniture and Fixtures	(2,419,112)	(284,636)	5,725	(2,698,023)
Total Accumulated Depreciation	(17,083,631)	(1,390,896) *	5,725	(18,468,802)
Total Depreciable Capital Assets, Net	48,088,458	10,435,882	0	58,524,340
Governmental Activities Capital Assets, Net	$56,028,521	$13,868,114	($10,072,588)	$59,824,047

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$245,741
Vocational	726,154
Adult/Continuing	82,055
Support Services:	
Pupils	86,834
Instructional Staff	32,607
Administration	52,798
Fiscal	11,259
Business	6,188
Operation and Maintenance of Plant	65,628
Pupil Transportation	33,735
Central	14,245
Non-Instructional Services - Food Service Operations	33,652
Total Governmental Depreciation	$1,390,896

* Of this amount, $1,300 is presented as amortization expense on the Statement of Activities and Net Position related to the Center's intangible asset of equipment as a postage machine, which is included in the above table as Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize a lease liability and an intangible right to use asset.

Note 12 - Interfund Transfers

During fiscal year 2022, the Center transferred $1,000,000 from the General Fund to the Capital Improvement Capital Projects Fund to accumulate a fund balance to be able to meet future capital improvement needs.

Note 13 - Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the Center contracted with the Netherlands Insurance Company and Indiana Insurance Company, through The Young Insurance Agency. Coverage is as follows:

Commercial Property	$75,781,313	$5,000 deductible
Commercial Umbrella	5,000,000	
Commercial General Liability:		
Per Occurrence	1,000,000	1,000 deductible
Aggregate Per Year	3,000,000	1,000 deductible
Commercial Crime Per Occurrence	100,000	500 deductible
Commercial Inland Marine		
Miscellaneous Floater Coverage	5,000-100,000	500 deductible
Miscellaneous Floater Coverage - Rented/Leased	13,298-550,000	5,000 deductible
Commercial Auto		
Liability	1,000,000	
Medical Expense	5,000	
Comprehensive	Actual Cash Value	1,000 deductible
Collision	Actual Cash Value	1,000 deductible
Uninsured Motorists	500,000	
Underinsured Motorists	500,000	

In addition, the Center contracts with the Ohio Casualty Insurance Company for bonds for the Treasurer and Superintendent up to limits of $100,000 each.

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

Workers' Compensation

For fiscal year 2022, the Center participated in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 18). The GRP is an alternative rating program to assist participants with controlling and reducing their workers' compensation premium. The program is designed to reward participants that are able to keep their claim costs below a predetermined amount. School districts join together as a group; however, each continues to pay their own individual premium to the State. At the end of each of the three evaluation periods, each school district has an opportunity to receive retrospective premium adjustments based on the combined performance of the group. The firm of Sedgwick Claims Management Services, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 14 - 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 who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Administrators and teachers who work less than 260 days per year do not earn vacation time. Vacation balances are to be used within one year from the time they are earned. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 280 days for all employees. Upon retirement, employees other than the superintendent and treasurer receive payment for one-fourth of the sick leave accumulation. The superintendent and treasurer receive payment for thirty-five percent of the sick leave accumulation.

Insurance

The Center provides health insurance benefits through the Ohio School Benefits Cooperative, an insurance purchasing pool (see Note 18). The costs of health insurance premiums are $2,063.59 for family coverage and $824.31 for single coverage. The employees are responsible to pay $309.54 for family coverage and $123.65 for single coverage. The board pays the remainder of the monthly premium.

The Center provides life insurance and accidental death and dismemberment insurance to employees through Lincoln Financial Company in the amount of $45,000 for full-time certified employees and $45,000 for full-time and $25,000 for part-time classified employees.

The Center provides dental insurance benefits to employees through Trustmark Health Benefits, Inc. The costs of dental insurance premiums are $84.74 for both family and single coverage with the employee share being $14.95.

Note 15 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The Center's contractually required contribution to SERS was $414,946 for fiscal year 2022. Of this amount, $38,729 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was $1,271,914 for fiscal year 2022. Of this amount, $198,893 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.082670600%	0.067790362%	
Prior Measurement Date	0.080082600%	0.070385130%	
Change in Proportionate Share	0.002588000%	-0.002594768%	
			Total
Proportionate Share of the Net Pension Liability	$3,050,305	$8,667,606	$11,717,911
Pension Expense	$26,053	($143,676)	($117,623)

At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$294	$267,787	$268,081
Changes of assumptions	64,230	2,404,550	2,468,780
Changes in proportion and differences between Center contributions and proportinate share of contributions	125,604	67,188	192,792
Center contributions subsequent to the measurement date	414,946	1,271,914	1,686,860
Total Deferred Outflows of Resources	$605,074	$4,011,439	$4,616,513
Deferred Inflows of Resources			
Differences between expected and actual experience	$79,107	$54,328	$133,435
Net difference between projected and actual earnings on pension plan investments	1,570,996	7,469,818	9,040,814
Changes in proportion and differences between Center contributions and proportinate share of contributions	0	567,805	567,805
Total Deferred Inflows of Resources	$1,650,103	$8,091,951	$9,742,054

$1,686,860 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($298,712)	($1,339,537)	($1,638,249)
2024	(305,536)	(1,146,701)	(1,452,237)
2025	(373,526)	(1,268,884)	(1,642,410)
2026	(482,201)	(1,597,304)	(2,079,505)
Total	($1,459,975)	($5,352,426)	($6,812,401)

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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$5,074,959	$3,050,305	$1,342,827

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-retirement 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation	Long-Term Expected 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 is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Center's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	$16,231,184	$8,667,606	$2,276,401

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2022, there are eight employees who have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 16 - Defined Benefit OPEB Plans

See Note 15 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

Health Care Plan Description - The Center contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the Center's surcharge obligation was $24,720.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $24,720 for fiscal year 2022, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability (asset) was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	
Proportion of the Net OPEB Liability/Asset			
Current Measurement Date	0.078556500%	0.067790362%	
Prior Measurement Date	0.076144400%	0.070385130%	
Change in Proportionate Share	0.002412100%	0.002594768%	
Proportionate Share of the:			Total
Net OPEB Liability	$1,486,747	$0	$1,486,747
Net OPEB Asset	$0	($1,429,304)	($1,429,304)
OPEB Expense	($10,882)	($96,113)	($106,995)

At June 30, 2022, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$15,847	$50,893	$66,740
Changes of assumptions	233,236	91,298	324,534
Changes in proportionate share and difference between Center contributions and proportionate share of contributions	10,484	12,349	22,833
Center contributions subsequent to the measurement date	24,720	0	24,720
Total Deferred Outflows of Resources	$284,287	$154,540	$438,827
Deferred Inflows of Resources			
Differences between expected and actual experience	$740,466	$261,874	$1,002,340
Changes of assumptions	203,598	852,684	1,056,282
Net difference between projected and actual earnings on OPEB plan investments	32,300	396,178	428,478
Changes in Proportionate Share and difference between Center contributions and proportionate share of contributions	67,942	2,047	69,989
Total Deferred Inflows of Resources	$1,044,306	$1,512,783	$2,557,089

$24,720 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($182,678)	($386,683)	($569,361)
2024	(182,904)	(376,765)	(559,669)
2025	(180,026)	(373,706)	(553,732)
2026	(147,558)	(165,536)	(313,094)
2027	(71,347)	(56,640)	(127,987)
Thereafter	(20,226)	1,087	(19,139)
Total	($784,739)	($1,358,243)	($2,142,982)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, 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, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 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 contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Center's proportionate share of the net OPEB liability	$ 1,842,258	$ 1,486,747	$ 1,202,738

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Center's proportionate share of the net OPEB liability	$1,144,673	$1,486,747	$1,943,651

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 15.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net OPEB asset	($1,206,112)	($1,429,304)	($1,615,748)

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	($1,608,193)	($1,429,304)	($1,208,091)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

Note 17 - Long-Term Obligations

The changes in the Center's long-term obligations during the year consist of the following:

	Principal Outstanding 06/30/2021	Additions	Reductions	Principal Outstanding 06/30/2022	Amounts Due within One Year
Governmental Activities:					
Financed Purchase Payable	$10,960,000	$0	($1,124,000)	$9,836,000	$1,146,000
Lease Payable	4,594	0	(2,987)	1,607	1,607
Net Pension Liability -					
STRS	17,030,698	0	(8,363,092)	8,667,606	0
SERS	5,296,831	0	(2,246,526)	3,050,305	0
Total Net Pension Liability	22,327,529	0	(10,609,618)	11,717,911	0
Net OPEB Liability -					
SERS	1,654,868	0	(168,121)	1,486,747	0
Compensated Absences	733,454	44,801	(26,828)	751,427	6,310
Total Governmental Activities Long-Term Liabilities	$35,680,445	$44,801	($11,931,554)	$23,793,692	$1,153,917

During fiscal year 2020, the Center entered into a finance purchase agreement with JP Morgan Chase Bank (Financier) for the purpose of constructing, enlarging, improving, furnishing, and equipping certain project facilities. The Center will convey to the Financier a base leasehold interest in the real property and existing improvements and, in turn, the Center shall rent the project facilities from the Financier subject to annual appropriations. The Center has no plans to exercise the fiscal funding clause. Ownership of the project facilities transfers to the Center as the work is certified as completed. The financed purchase will be repaid from the Permanent Improvement Levy Capital Projects Fund from levy proceeds.

The following is a schedule of the future long-term payments as of June 30, 2022:

	Governmental Activities		
Fiscal Year Ending June 30,	Principal	Interest	Total
2023	$1,146,000	$184,333	$1,330,333
2024	1,169,000	161,300	1,330,300
2025	1,193,000	137,798	1,330,798
2026	1,216,000	113,828	1,329,828
2027	1,241,000	89,380	1,330,380
2028-2030	3,871,000	116,564	3,987,564
Total	$9,836,000	$803,203	$10,639,203

The Center has an outstanding agreement to lease a postage machine. Due to the implementation of GASB Statement 87, this lease has met the criteria of leases thus requiring it to be recorded by the Center. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2023	$1,607	$47

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the following funds: General Fund and Adult Education, Vocational Education, Miscellaneous State Grants, Miscellaneous Federal Grants, Governors Education Emergency Relief, and Food Service Special Revenue Funds. For additional information related to the net pension/OPEB liability, see Notes 15 and 16.

The Center will pay compensated absences from the General Fund and the Adult Education and Food Service Special Revenue Funds.

The overall debt margin of the Center as of June 30, 2022, was $451,576,590, with an unvoted debt margin of $5,015,929.

Note 18 - Jointly Governed Organizations and Group Insurance Purchasing Pools

Jointly Governed Organizations

The ***Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)*** was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district. The Board exercises total control over the operation of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2022, the amount paid to OMERESA from the Center was $57,933 for technology, internet access, financial accounting services, and educational management information. The Jefferson County Education Service Center serves as fiscal agent. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency at 2230 Sunset Blvd., Suite 2 Steubenville, Ohio 43952.

The ***Coalition of Rural and Appalachian Schools (CORAS)*** is a jointly governed organization composed of 133 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of no more than nineteen members, not including ex-officio members. The Board shall include the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There shall be one elected member from each of the eight multi-county regions. The eight elected members shall appoint eight additional members, one from each multi-county region. A County Region must have a minimum of five active public school district members to qualify for an elected and an appointed member on the Board. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The Council 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 Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Council exercises total control over the operation of CORAS including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The Center's membership fee was $325 for fiscal year 2022. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Patton Hall 322, Ohio University, Athens, Ohio 45701.

The ***Ohio Coalition for Equity and Adequacy of School Funding*** is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex-officio members. Each participant's control is limited to its representation on the committee. The steering committee exercises total control of the operation of the Coalition including budgeting, appropriating, contracting, and designating management. The Center's membership fee was $459 for fiscal year 2022. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 50 South Young Street, Suite M-102 Columbus, Ohio 43215.

The Center participates in the ***Metropolitan Educational Technology Association (META Solutions),*** 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 non-members 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 Board of Directors shall be the governing body of META. The Board of Directors shall consist of thirteen voting Directors, each a superintendent or business official representing a different Full Member of META. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2022, the Center made a payment of $1,000 to META for services. Financial information may be obtained from 100 Executive Drive, Marion, Ohio 43302.

Group Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), a group 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 OASBO. The Executive Director of the OASBO, 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. The Center's enrollment fee was $1,615 for calendar year 2022.

Ohio School Benefits Cooperative The Center participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of fifteen members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay an initial $500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. The Center elected to participate in the joint insurance purchasing program for medical, prescription drug, and vision coverage.

Note 19 - Contingencies

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

In fiscal year 2022, the Center's foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE adjustments have been finalized. The impact of the FTE adjustments are insignificant to the 2022 financial statements.

Litigation

The Center is currently not a party to any legal proceedings.

Note 20 - Set-Asides

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

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the Board be returned to the District's General Fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

	Capital Improvements	Budget Stabilization
Set-aside restricted balance as of June 30, 2021	$0	$45,566
Current year offsets	(1,000,000)	0
Current year set-aside requirement	181,799	0
Qualifying disbursements	(108,681)	0
Total	($926,882)	$45,566
Set-aside restricted balance as of June 30, 2022	$0	$45,566

The Center had qualifying expenditures and offsets during the fiscal year that reduced the set-aside amount below zero for capital improvements, which may not be carried forward to future fiscal years.

Note 21 - Significant Commitments

Encumbrances

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

Governmental Funds	
General Fund	$243,222
Adult Education Special Revenue Fund	361,444
2020 Construction Capital Projects Fund	1,623,876
Other Governmental Funds	515,165
Total All Funds	$2,743,707

Contractual Commitment

As of June 30, 2022, the Center had the following contractual purchase commitments relating to a locally funded construction project, payable from the 2020 Construction Capital Projects Fund:

Contractors	Purchase Commitments	Amounts Paid as of 06/30/2022	Amounts Remaining on Contracts
V2 Architects	$98,108	$3,108	$95,000
Jarvis, Downing, and Emch Inc	1,858,469	507,644	1,350,825
	$1,956,577	$510,752	$1,445,825

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the Center received COVID-19 funding in the form of Elementary and Secondary School Emergency Relief and American Rescue Plan funding. The Center's investment portfolio and the investments of the pension and other employee benefit plans in which the Center participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the Center's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

Required

Supplementary

Information

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1) *

	2022	2021	2020	2019
Center's Proportion of the Net Pension Liability	0.082670600%	0.080082600%	0.078205500%	0.078717500%
Center's Proportionate Share of the Net Pension Liability	$3,050,305	$5,296,831	$4,679,172	$4,508,297
Center's Covered Payroll	$2,890,429	$2,788,921	$2,721,274	$2,628,741
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.53%	189.92%	171.95%	171.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.078838300%	0.075651800%	0.077012300%	0.079173000%	0.079173000%
$4,710,414	$5,537,013	$4,394,397	$4,006,901	$4,708,164
$2,561,507	$2,403,836	$2,282,214	$2,478,740	$2,047,137
183.89%	230.34%	192.55%	161.65%	229.99%
69.50%	62.98%	69.16%	71.70%	65.52%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1) *

	2022	2021	2020	2019
Center's Proportion of the Net Pension Liability	0.067790362%	0.070385130%	0.071022350%	0.069941370%
Center's Proportionate Share of the Net Pension Liability	$8,667,606	$17,030,698	$15,706,165	$15,378,536
Center's Covered Payroll	$8,613,907	$8,493,593	$8,353,571	$8,028,050
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	100.62%	200.51%	188.02%	191.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.698252700%	0.069424180%	0.070087810%	0.072760650%	0.072760650%
$16,587,142	$23,238,367	$19,370,221	$17,697,908	$21,081,632
$7,737,250	$7,372,950	$7,274,393	$7,396,029	$7,710,177
214.38%	315.18%	266.28%	239.29%	273.43%
75.30%	66.80%	72.10%	74.70%	69.30%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1) *

	2022	2021	2020	2019
Center's Proportion of the Net OPEB Liability	0.078556500%	0.076144400%	0.075913800%	0.077491400%
Center's Proportionate Share of the Net OPEB Liability	$1,486,747	$1,654,868	$1,909,072	$2,149,821
Center's Covered Payroll	$2,890,429	$2,788,921	$2,721,274	$2,628,741
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	51.44%	59.34%	70.15%	81.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%

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

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

See accompanying notes to the required supplementary information

2018	2017
0.076735200%	0.074138400%
$2,059,371	$2,113,219
$2,561,507	$2,403,836
80.40%	87.91%
12.46%	11.49%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of the Center's Proportionate Share of the Net OPEB (Asset) Liability
School Teachers Retirement System of Ohio
Last Six Fiscal Years (1)*

	2022	2021	2020	2019
Center's Proportion of the Net OPEB (Asset) Liability	0.067790362%	0.070385130%	0.071022350%	0.069941370%
Center's Proportionate Share of the Net OPEB (Asset) Liability	($1,429,304)	($1,237,018)	($1,176,300)	($1,123,887)
Center's Covered Payroll	$8,613,907	$8,493,593	$8,353,571	$8,028,050
Center's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-16.59%	-14.56%	-14.08%	-14.00%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%	176.00%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2018	2017
0.069825270%	0.069424180%
$2,724,325	$3,712,823
$7,737,250	$7,372,950
35.21%	50.36%
47.10%	37.30%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of Center Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$414,946	$404,660	$390,449	$367,372
Contributions in Relation to the Contractually Required Contribution	(414,946)	(404,660)	(390,449)	(367,372)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$2,963,900	$2,890,429	$2,788,921	$2,721,274
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	$24,720	$19,587	$16,011	$40,110
Contributions in Relation to the Contractually Required Contribution	(24,720)	(19,587)	(16,011)	(40,110)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.83%	0.68%	0.57%	1.47%
Total Contributions as a Percentage of Covered Payroll	14.83%	14.68%	14.57%	14.97%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$354,880	$358,611	$336,537	$300,796	$343,553	$283,324
(354,880)	(358,611)	(336,537)	(300,796)	(343,553)	(283,324)
$0	$0	$0	$0	$0	$0
$2,628,741	$2,561,507	$2,403,836	$2,282,214	$2,478,740	$2,047,137
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$44,494	$26,709	$26,675	$40,809	$22,643	$23,470
(44,494)	(26,709)	(26,675)	(40,809)	(22,643)	(23,470)
$0	$0	$0	$0	$0	$0
1.69%	1.04%	1.11%	1.79%	0.91%	1.15%
15.19%	15.04%	15.11%	14.97%	14.77%	14.99%

Mid-East Career and Technology Centers, Ohio
Required Supplementary Information
Schedule of Center Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$1,271,914	$1,205,947	$1,189,103	$1,169,500
Contributions in Relation to the Contractually Required Contribution	(1,271,914)	(1,205,947)	(1,189,103)	(1,169,500)
Contribution Deficiency (Excess)	$0	$0	$0	$0
Center Covered Payroll (1)	$9,085,100	$8,613,907	$8,493,593	$8,353,571
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset/Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$1,123,927	$1,083,215	$1,032,213	$1,018,415	$961,484	$1,002,323
(1,123,927)	(1,083,215)	(1,032,213)	(1,018,415)	(961,484)	(1,002,323)
$0	$0	$0	$0	$0	$0
$8,028,050	$7,737,250	$7,372,950	$7,274,393	$7,396,029	$7,710,177
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$73,960	$77,102
0	0	0	0	(73,960)	(77,102)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

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

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

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

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

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

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 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

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

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

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

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

Changes in Assumptions – STRS

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR ***Pass-Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Pass-Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2021/2022	$39,295
Cash Assistance:			
School Breakfast Program	10.553	2021/2022	95,163
National School Lunch Program	10.555	2021/2022	417,459
COVID - 19 National School Lunch Program	10.555	2021/2022	61,916
Cash Assistance Subtotal			574,538
Total Child Nutrition Cluster			613,833
Child Care and Adult Care Food Program	10.558	2021/2022	14,635
COVID-19 State P-EBT Administrative Costs Grant	10.649	2021/2022	614
Total U.S. Department of Agriculture			629,082
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
Adult Education - Basic Grants to States	84.002	2021	8,765
	84.002	2022	106,371
Total Adult Education - Basic Grants to States			115,136
Career and Technical Education - Basic Grants to States	84.048	2021	57,617
	84.048	2022	643,852
Total Career and Technical Education - Basic Grants to States			701,469
COVID - 19 Governor's Emergency Education Relief Fund - GEER I and II	84.425C	2021	73,108
COVID - 19 Governor's Emergency Education Relief Fund - GEER II	84.425C	2022	66,931
Total COVID - 19 Governor's Emergency Education Relief Fund			140,039
Direct from United States Department of Education:			
COVID - 19 Higher Education Emergency Relief Fund - HEERF Student Aid Portion	84.425E	P425E202737	354,650
COVID - 19 Higher Education Emergency Relief Fund - HEERF Institutional Portion	84.425F	P425F201831	498,660
Total COVID - 19 Higher Education Emergency Relief Fund			853,310
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	2021	441,347
Federal Direct Student Loans	84.268	2022	755,033
Total Student Financial Assistance Cluster			1,196,380
Total U.S. Department of Education			3,006,334
Total Expenditures of Federal Awards			**$3,635,416**

The accompanying notes are an integral part of this Schedule.

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mid-East Career and Technology Centers (the Center) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position or changes in net position of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 9, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 9, 2023

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Mid-East Career and Technology Centers
Muskingum County
400 Richards Road
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Mid-East Career and Technology Centers', Muskingum County, Ohio (the Center), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Mid-East Career and Technology Center's major federal programs for the year ended June 30, 2022. Mid-East Career and Technology Center's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Mid-East Career and Technology Centers complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Assistance Cluster for the year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Mid-East Career and Technology Centers complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on Student Financial Assistance Cluster

As described in finding 2022-001 in the accompanying Schedule of Findings, the Center did not comply with requirements regarding Special Tests and Provisions – Direct Loan Reconciliation applicable to its AL #84.063 and 84.268 Student Financial Assistance Cluster major federal program.

Compliance with such requirements is necessary, in our opinion, for the Center to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Center's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Center's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control over compliance. Accordingly, no such opinion is expressed.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the noncompliance finding identified in our compliance audit described in the accompanying Corrective Action Plan. The Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.** We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2022-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the internal control over compliance finding identified in our audit described in the accompanying Corrective Action Plan. The Center's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 9, 2023

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MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Qualified over Special Tests and Provisions – Direct Loan Reconciliation applicable to AL #84.063/84.268 Student Financial Assistance Cluster Unmodified over remaining requirements and other major federal programs
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii) **Major Programs (list):** • AL# 84.063/84.268 - Student Financial Assistance Cluster • AL# 84.425E/84.425F - COVID-19 Higher Education Emergency Relief Fund • AL# 84.425C - COVID-19 Governor's Emergency Education Relief Fund		
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

Direct Loan Reconciliation – Noncompliance/Material Weakness

Finding Number:	**2022-001**
Assistance Listing Number and Title:	**AL # 84.063 and 84.268 Student Financial Assistance Cluster**
Federal Award Identification Number / Year:	**None / 2022**
Federal Agency:	**US Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Direct Loan Reconciliation**
Pass-Through Entity:	**Ohio Department of Education**
Repeat Finding from Prior Audit?	**No**

34 C.F.R. § 685.300(b)(5) states on a monthly basis, reconcile institutional records with Direct Loan funds received from the Secretary and Direct Loan disbursement records submitted to and accepted by the Secretary.

As the Center only has nine drawdowns during the fiscal year, the Center performs a reconciliation for each drawdown. For three out of three (100%) drawdowns tested, we noted the Center did not maintain documentation the Center's Achademix System was reconciled to the Common Origination and Disbursement (COD) System at the time of the drawdown. Additionally, the Cash Activity report within the Common Origination and Disbursement System after the May 11, 2022 drawdown reflects a variance of $866 within the "Cash>Net Accepted & Posted Disbursements", therefore indicating a difference between the accepted drawdowns and posted drawdowns. As of January 19, 2023, this variance is still reflected within the Common Origination and Disbursement (COD) System.

Failure to maintain documentation that reconciliations were performed as required could result in discrepancies being undetected and unresolved timely.

The Center should implement procedures to ensure a reconciliation is performed for each cash drawdown and proper documentation is maintained as proof a reconciliation was performed. When variances are identified, the Center should investigate the reason for the discrepancies and timely resolve them.

Officials' Response: See Corrective Action Plan

Matthew L. Sheridan
Superintendent

Nanette E. Nolder
Treasurer

Tel: 740-454-0105
Fax: 740-454-0731

MID-EAST
Career and Technology Centers
Administrative Center

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number: 2022-001

Planned Corrective Action:

Mid-East's Adult Education Financial Coordinator retired at the end of Fiscal Year 2021. As any new position, there was a learning curve and the new Financial Aid Coordinator received limited training with the former Coordinator. Consultants were hired to help, but this specific reconciliation process was not discussed. There has been a recent change in the Adult Education Director's position, and it is the intention of the new Director to eventually cross-train positions. This will assist in the future for a smoother transition between employees leaving and new employees hired.

Since the finding, the Adult Education Financial Coordinator has established a checklist of items that need to be completed for each drawdown. This checklist will be placed in each drawdown folder.

The Monthly Drawdown Reconciliation plan will include beginning with verifying with Common Origination and Disbursement Center (COD) School Summery report prior to the disbursement. Once the disbursement information is entered into Ed-Express and transferred to COD for the month review of the School Summary report, it will be reviewed to verify that the "Cash>Net Accepted & Posted Disbursements" matches the Achademix Drawdown Batch. Then, again when the disbursement funds are disbursed, a review of the COD School Summary report will occur. At any time, if a variance occurs, it will be addressed immediately. This plan of action went into place with the February 17, 2023 disbursement process. All documentation of any reconciliations will be kept in each drawdown file.

The variance of the $866.00 occurred during the final drawdown of Fiscal Year 2022. As the reconciliation process was not in place, the variance was not discovered. As a new Fiscal Year started, it was a new batch of funds, and the $866 variance was not discovered until the audit process. The variance was researched and corrected. The correction was located and corrected in Ed Express and had no monetary effect. The School Summary report from COD Cash>Net Accepted & Posted Disbursements" is at zero for 2021-2022, and documentation has been kept on that. The newly implemented checklist and process for reconciliation will prevent variances from happening in the future.

Anticipated Completion Date: Currently in place and will continue.

Responsible Contact Person: Thasia Shilling, Adult Education Financial Aid Coordinator

400 Richards Road, Zanesville, OH 43701 www.mideastctc.org

OHIO AUDITOR OF STATE
KEITH FABER

MID-EAST CAREER AND TECHNOLOGY CENTERS

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/21/2023

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