



**UPPER VALLEY CAREER CENTER
MIAMI COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Upper Valley Career Center
Miami County
8811 Career Drive
Piqua, Ohio 45356

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Upper Valley Career Center, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Career Center. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the Career Center's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2021, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The management's discussion and analysis of the Upper Valley Career Center's (the "Career Center") financial performance provides an overall review of the Career Center's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the Career Center's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Career Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities increased \$1,562,547, which represents a 6.38% increase from June 30, 2020's net position.
- Governmental activities general revenues accounted for \$18,543,920 in revenue or 70.96% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,587,635 in revenue or 29.04% of total revenues of \$26,131,555.
- The Career Center had \$24,569,098 in expenses related to governmental activities; only \$7,587,635 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$18,543,920 were adequate to provide for these programs.
- The Career Center's only major governmental fund is the general fund. The general fund had \$22,231,273 in revenues and other financing sources and \$20,111,085 in expenditures and other financing uses. The general fund's fund balance increased \$2,120,188 from \$12,587,348 to \$14,707,536.

Using the Basic Financial Statements (BFS)

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 Career Center as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole Career Center, presenting both an aggregate view of the Career 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 Career Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Career Center, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did the Career Center do financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

These two statements report the Career Center's net position and changes in net position. This change in net position is important because it tells the reader that, for the Career Center as a whole, the financial position of the Career 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 Career 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 governmental activities include the Career Center's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The Career Center's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

The analysis of the Career Center's major governmental funds begins on page 13. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the general fund.

Governmental Funds

All of the Career 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 financial statements provide a detailed short-term view of the Career Center's general government 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 basic financial statements. The basic governmental fund financial statements can be found on pages 19-22 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-58 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Career Center's net pension liability and net OPEB liability/asset and general fund budgetary information. The required supplementary information can be found on pages 60-79 of this report

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The Career Center as a Whole

The statement of net position provides the perspective of the Career Center as a whole. The following table provides a summary of the Career Center's net position at June 30, 2021 and 2020.

	Net Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 28,074,605	\$ 25,923,795
Net OPEB asset	1,327,099	1,244,250
Capital assets, net	<u>33,501,953</u>	<u>33,609,020</u>
Total assets	<u>62,903,657</u>	<u>60,777,065</u>
<u>Deferred outflows of resources</u>		
Pension	4,166,258	4,121,506
OPEB	<u>559,082</u>	<u>410,848</u>
Total deferred outflows of resources	<u>4,725,340</u>	<u>4,532,354</u>
<u>Liabilities</u>		
Current liabilities	2,110,364	1,903,577
Long-term liabilities:		
Due within one year	242,187	201,853
Due in more than one year:		
Net pension liability	23,766,558	21,741,226
Net OPEB liability	1,672,908	1,991,258
Other amounts	<u>2,363,208</u>	<u>2,429,916</u>
Long-term liabilities	<u>28,044,861</u>	<u>26,364,253</u>
Total liabilities	<u>30,155,225</u>	<u>28,267,830</u>
<u>Deferred inflows of resources</u>		
Other amounts	8,397,587	8,924,597
Pension	389,305	1,420,650
OPEB	<u>2,648,880</u>	<u>2,220,799</u>
Total deferred inflows of resources	<u>11,435,772</u>	<u>12,566,046</u>
<u>Net position</u>		
Net investment in capital assets	32,440,682	32,622,231
Restricted	2,078,659	1,780,066
Unrestricted (deficit)	<u>(8,481,341)</u>	<u>(9,926,754)</u>
Total net position	<u>\$ 26,038,000</u>	<u>\$ 24,475,543</u>

**UPPER VALLEY CAREER CENTER
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
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The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and 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/asset*. 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 Career 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 Career Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability/asset. 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/asset are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

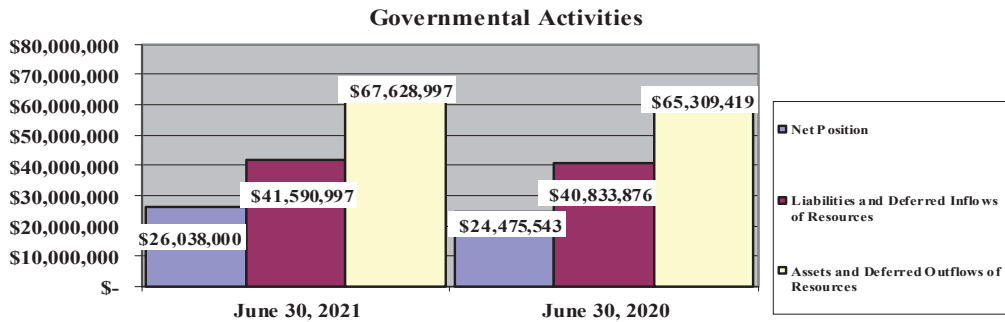
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2021, the Career Center’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,038,000.

At fiscal year end, capital assets represented 53.26% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The Career Center’s net investment in capital assets at June 30, 2021 was \$32,440,682. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center’s net position, \$2,078,659, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$8,481,341.

The graph below illustrates the Career Center’s assets and deferred outflows, liabilities and deferred inflows of resources, and net position at June 30, 2021 and June 30, 2020.



**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table below shows the change in net position for fiscal years 2021 and 2020.

Change in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,967,756	\$ 2,000,366
Operating grants and contributions	5,619,879	4,854,943
General revenues:		
Property taxes	10,533,158	8,443,115
Grants and entitlements	7,791,000	7,653,432
Investment earnings	33,441	601,437
Miscellaneous	186,321	67,857
Total revenues	<u>26,131,555</u>	<u>23,621,150</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	2,345,791	2,229,932
Special	544,323	456,442
Vocational	10,808,845	10,139,550
Adult/continuing	1,175,048	973,183
Other	271,858	126,119
Support services:		
Pupil	2,716,353	2,366,074
Instructional staff	1,361,479	1,514,104
Board of education	58,329	45,765
Administration	1,016,507	1,101,128
Fiscal	684,286	656,278
Business	264,204	258,229
Operations and maintenance	2,099,049	1,720,482
Pupil transportation	53,443	68,233
Central	386,530	392,223
Operation of non-instructional services:		
Food service operations	514,796	467,525
Other non-instructional services	156,693	145,219
Extracurricular activities	88,363	93,312
Interest and fiscal charges	23,201	25,739
Total expenses	<u>24,569,098</u>	<u>22,779,537</u>
Change in net position	1,562,457	841,613
Net position at beginning of year	<u>24,475,543</u>	<u>23,633,930</u>
Net position at end of year	<u>\$ 26,038,000</u>	<u>\$ 24,475,543</u>

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Governmental Activities

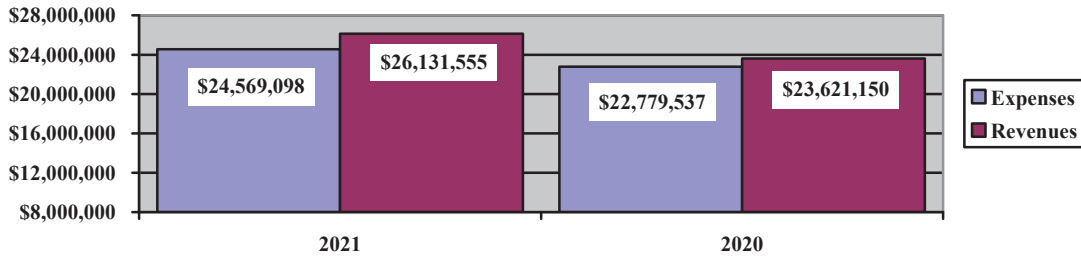
Net position of the Career Center's governmental activities increased \$1,562,457. Total governmental expenses of \$24,569,098 were offset by program revenues of \$7,587,635 and general revenues of \$18,543,920. Program revenues supported 30.88% of total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 70.12% of total governmental revenues. The increase in property taxes is primarily due to full collection of a new tax levy. The increase in operating grants and contributions is primarily due to the District receiving more Student Wellness and Success Fund (SWSF) monies, Governor's Emergency Education Relief (GEER) monies, and miscellaneous federal grant monies when compared to the prior fiscal year.

Overall, expenses of the governmental activities increased \$1,789,561 or 7.86%. This increase is primarily the result of an increase in wages and benefits.

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



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MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

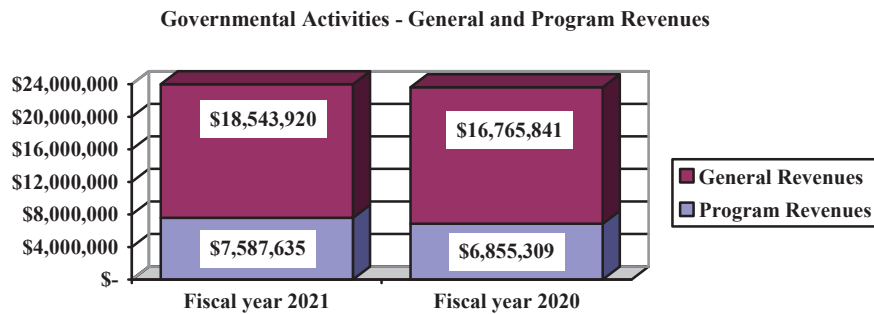
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses:				
Instruction:				
Regular	\$ 2,345,791	\$ 1,659,265	\$ 2,229,932	\$ 1,450,146
Special	544,323	534,049	456,442	447,882
Vocational	10,808,845	6,481,324	10,139,550	6,238,061
Adult/continuing	1,175,048	163,105	973,183	148,019
Other	271,858	271,858	126,119	126,119
Support services:				
Pupil	2,716,353	2,414,367	2,366,074	2,052,933
Instructional staff	1,361,479	1,300,321	1,514,104	1,454,149
Board of education	58,329	58,329	45,765	45,765
Administration	1,016,507	667,673	1,101,128	803,937
Fiscal	684,286	684,286	656,278	656,278
Business	264,204	264,204	258,229	258,229
Operations and maintenance	2,099,049	2,002,135	1,720,482	1,657,302
Pupil transportation	53,443	53,443	68,233	68,233
Central	386,530	307,017	392,223	318,037
Operation of non-instructional services:				
Food service operations	514,796	10,040	467,525	79,225
Other non-instructional services	156,693	117,367	145,219	93,463
Extracurricular activities	88,363	(30,521)	93,312	711
Interest and fiscal charges	23,201	23,201	25,739	25,739
Total expenses	\$ 24,569,098	\$ 16,981,463	\$ 22,779,537	\$ 15,924,228

The dependence upon taxes and other general revenues for governmental activities is apparent, as 60.15% of fiscal year 2021 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 69.12% in fiscal year 2021. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

The following graph presents the Career Center's governmental activities revenues for fiscal years 2021 and 2020.



**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The Career Center's Funds

The Career Center's governmental funds reported a combined fund balance of \$17,321,112, which is greater than last year's total balance of \$14,914,999. The table below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	<u>Change</u>
General	\$ 14,707,536	\$ 12,587,348	\$ 2,120,188
Nonmajor Governmental	<u>2,613,576</u>	<u>2,327,651</u>	<u>285,925</u>
Total	<u>\$ 17,321,112</u>	<u>\$ 14,914,999</u>	<u>\$ 2,406,113</u>

General Fund

The Career Center's general fund balance increased \$2,120,188.

The table that follows assists in illustrating the revenues of the general fund.

	2021 <u>Amount</u>	2020 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Property taxes	\$ 10,118,446	\$ 8,078,299	\$ 2,040,147	25.25 %
Tuition	750,847	788,346	(37,499)	(4.76) %
Earnings on investments	15,258	569,093	(553,835)	(97.32) %
Intergovernmental	11,029,140	10,891,572	137,568	1.26 %
Other revenues	<u>260,457</u>	<u>230,204</u>	<u>30,253</u>	13.14 %
Total	<u>\$ 22,174,148</u>	<u>\$ 20,557,514</u>	<u>\$ 1,616,634</u>	7.86 %

Overall revenues of the general fund increased \$1,616,634 or 7.86%. Most of this increase can be attributable to property taxes. The increase in property taxes is due to full collection of a new tax levy. The decrease in earnings on investments of \$553,835 is due to a decrease in interest rates earned on the Career Center's investments compared to fiscal year 2020.

The table that follows assists in illustrating the expenditures of the general fund.

	2021 <u>Amount</u>	2020 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Expenditures</u>				
Instruction	\$ 12,104,726	\$ 11,538,572	\$ 566,154	4.91 %
Support services	6,916,716	6,494,601	422,115	6.50 %
Operation of non-instructional services	142,092	124,134	17,958	14.47 %
Extracurricular activities	19,584	17,895	1,689	9.44 %
Facilities acquisition and construction	606,976	40,895	566,081	1,384.23 %
Debt service	<u>170,991</u>	<u>165,992</u>	<u>4,999</u>	3.01 %
Total	<u>\$ 19,961,085</u>	<u>\$ 18,382,089</u>	<u>\$ 1,578,996</u>	8.59 %

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Overall, general fund expenditures increased \$1,578,996 or 8.59%. While some categories remained comparable to the previous year, two large increases were in the areas of instruction and support services, which increased \$566,154 and 422,115, respectively. This increase is the result of an increase in wages and benefits. The increase in facilities acquisition and construction was mainly due to ongoing construction projects.

General Fund Budgeting Highlights

The Career 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.

For the general fund, final budgeted revenues and other financing sources were \$22,725,079, which were \$984,734 more than original budgeted revenues and other financing sources of \$21,740,345. Actual revenues and other financing sources of \$21,994,269 were \$730,810 less than the final revenues and other financing sources.

General fund final appropriations (expenditures and other financing uses) of \$21,136,847 were \$70,922 less than original budgeted expenditures and other financing uses of \$21,207,769. Actual expenditures and other financing uses for fiscal year 2021 totaled \$20,267,858 were \$868,989 less than final budgeted expenditures and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the Career Center had \$33,501,953 invested in land, construction in progress, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The total amount was reported in governmental activities.

The following table shows June 30, 2021 balances compared to June 30, 2020.

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

	Governmental Activities	
	2021	2020
Land	\$ 1,381,300	\$ 1,381,300
Construction in progress	572,582	-
Buildings and improvements	28,881,500	29,530,886
Furniture, fixtures, and equipment	2,354,833	2,444,564
Vehicles	311,738	252,270
Total	\$ 33,501,953	\$ 33,609,020

The overall decrease in capital assets is due to additions of \$1,059,279, depreciation expense of \$1,156,174 and disposals of \$10,172 (net of accumulated depreciation).

See Note 8 to the basic financial statements for additional information on the Career Center's capital assets.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Debt Administration

At June 30, 2021, the Career Center had \$930,000 in general obligation bonds outstanding and \$54,595 in capital leases outstanding. Of this amount, \$155,443 is due within one year and \$829,152 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2021 and June 30, 2020.

Outstanding Debt, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
General obligation bonds	\$ 930,000	\$ 1,075,000
Capital lease obligations	<u>54,595</u>	<u>-</u>
Total	<u>\$ 984,595</u>	<u>\$ 1,075,000</u>

See Note 10 to the basic financial statements for additional information on the Career Center's debt administration.

Current Financial Related Activities

The future finances of the Career Center present several challenges due to changes in the State funding formula and budget model, issues with State legislation and the composition of the Board of Education, and local economic issues and property valuations. These situations, along with potential changes in weighted funding and federal grants, pose significant uncertainty in future revenue streams and the operation of Career Center programs.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Anthony Fraley, Treasurer, Upper Valley Career Center, 8811 Career Drive, Piqua, Ohio 45356.

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 17,741,815
Receivables:	
Property taxes	10,006,736
Accounts	18,879
Accrued interest	27,374
Intergovernmental	216,542
Prepayments	37,791
Materials and supplies inventory	23,183
Inventory held for resale	2,285
Net OPEB asset	1,327,099
Capital assets:	
Nondepreciable capital assets	1,953,882
Depreciable capital assets, net	31,548,071
Capital assets, net	33,501,953
Total assets	62,903,657
Deferred outflows of resources:	
Pension	4,166,258
OPEB	559,082
Total deferred outflows of resources	4,725,340
Liabilities:	
Accounts payable	23,956
Contracts payable	50,123
Retainage payable	26,553
Accrued wages and benefits payable	1,731,868
Intergovernmental payable	67,928
Pension and postemployment benefits payable	208,263
Accrued interest payable	1,673
Long-term liabilities:	
Due within one year	242,187
Due in more than one year:	
Net pension liability	23,766,558
Net OPEB liability	1,672,908
Other amounts due in more than one year	2,363,208
Total liabilities	30,155,225
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	8,397,587
Pension	389,305
OPEB	2,648,880
Total deferred inflows of resources	11,435,772
Net position:	
Net investment in capital assets	32,440,682
Restricted for:	
Classroom facilities maintenance	1,030,084
Debt service	8,849
Locally funded programs	33,261
State funded programs	571,180
Food service operations	75,800
Extracurricular programs	237,550
Other purposes	121,935
Unrestricted (deficit)	(8,481,341)
Total net position	\$ 26,038,000

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 2,345,791	\$ 686,526	\$ -	\$ (1,659,265)
Special	544,323	5,780	4,494	(534,049)
Vocational	10,808,845	91,911	4,235,610	(6,481,324)
Adult/continuing	1,175,048	551,214	460,729	(163,105)
Other	271,858	-	-	(271,858)
Support services:				
Pupil	2,716,353	116,551	185,435	(2,414,367)
Instructional staff	1,361,479	-	61,158	(1,300,321)
Board of education	58,329	-	-	(58,329)
Administration	1,016,507	226,052	122,782	(667,673)
Fiscal	684,286	-	-	(684,286)
Business	264,204	-	-	(264,204)
Operations and maintenance	2,099,049	18,893	78,021	(2,002,135)
Pupil transportation	53,443	-	-	(53,443)
Central	386,530	57,531	21,982	(307,017)
Operation of non-instructional services:				
Food service operations	514,796	102,379	402,377	(10,040)
Other non-instructional services	156,693	39,326	-	(117,367)
Extracurricular activities	88,363	71,593	47,291	30,521
Interest and fiscal charges	23,201	-	-	(23,201)
Totals	\$ 24,569,098	\$ 1,967,756	\$ 5,619,879	(16,981,463)
		General revenues:		
		Property taxes levied for:		
		General purposes		10,195,658
		Classroom facilities maintenance		337,500
		Grants and entitlements not restricted to specific programs		7,791,000
		Investment earnings		33,441
		Miscellaneous		186,321
		Total general revenues		<u>18,543,920</u>
		Change in net position		1,562,457
		Net position at beginning of year		<u>24,475,543</u>
		Net position at end of year		<u>\$ 26,038,000</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 15,072,903	\$ 2,668,912	\$ 17,741,815
Receivables:			
Property taxes	10,006,736	-	10,006,736
Accounts	18,636	243	18,879
Accrued interest	27,374	-	27,374
Interfund loans	56,674	-	56,674
Intergovernmental	114,633	101,909	216,542
Prepayments	35,913	1,878	37,791
Materials and supplies inventory	22,887	296	23,183
Inventory held for resale	-	2,285	2,285
Total assets	<u>\$ 25,355,756</u>	<u>\$ 2,775,523</u>	<u>\$ 28,131,279</u>
Liabilities:			
Accounts payable	\$ 15,209	\$ 8,747	\$ 23,956
Contracts payable	50,123	-	50,123
Retainage payable	26,553	-	26,553
Accrued wages and benefits payable	1,651,144	80,724	1,731,868
Compensated absences payable	13,803	-	13,803
Intergovernmental payable	67,277	651	67,928
Pension and postemployment benefits payable	197,689	10,574	208,263
Interfund loans payable	-	56,674	56,674
Total liabilities	<u>2,021,798</u>	<u>157,370</u>	<u>2,179,168</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	8,397,587	-	8,397,587
Delinquent property tax revenue not available	203,026	-	203,026
Intergovernmental revenue not available	-	4,577	4,577
Accrued interest not available	25,809	-	25,809
Total deferred inflows of resources	<u>8,626,422</u>	<u>4,577</u>	<u>8,630,999</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	22,887	296	23,183
Prepays	35,913	1,878	37,791
Unclaimed monies	2,911	-	2,911
Restricted:			
Debt service	-	10,522	10,522
Adult education	-	79,615	79,615
Classroom facilities maintenance	-	1,030,084	1,030,084
Food service operations	-	91,122	91,122
School supplies	-	25,000	25,000
State funded programs	-	546,180	546,180
Extracurricular	-	237,550	237,550
Adult scholarship	-	8,329	8,329
Career enhancement	-	108,942	108,942
Other purposes	-	1,753	1,753
Assigned:			
Student instruction	12,575	-	12,575
Student and staff support	9,177	-	9,177
Facilities acquisition and construction	7,170	-	7,170
Subsequent year's appropriations	351,811	-	351,811
Capital projects	-	489,846	489,846
Unassigned (deficit)	<u>14,265,092</u>	<u>(17,541)</u>	<u>14,247,551</u>
Total fund balances	<u>14,707,536</u>	<u>2,613,576</u>	<u>17,321,112</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 25,355,756</u>	<u>\$ 2,775,523</u>	<u>\$ 28,131,279</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$ 17,321,112
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		33,501,953
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds		
Property taxes receivable	\$ 203,026	
Accrued interest receivable	25,809	
Intergovernmental receivable	4,577	
Total		233,412
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds		(1,673)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds		
Deferred outflows - pension	4,166,258	
Deferred inflows - pension	(389,305)	
Net pension liability	(23,766,558)	
Deferred outflows - OPEB	559,082	
Deferred inflows - OPEB	(2,648,880)	
Net OPEB asset	1,327,099	
Net OPEB liability	(1,672,908)	
Total		(22,425,212)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(930,000)	
Capital lease obligations	(54,595)	
Compensated absences	(1,606,997)	
Total		(2,591,592)
Net position of governmental activities		\$ 26,038,000

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 10,118,446	\$ 337,500	\$ 10,455,946
Intergovernmental	11,029,140	2,247,960	13,277,100
Investment earnings	15,258	18,518	33,776
Tuition and fees	750,847	968,801	1,719,648
Extracurricular	-	71,593	71,593
Rental income	1,440	-	1,440
Charges for services	72,696	102,379	175,075
Contributions and donations	8,500	141,457	149,957
Miscellaneous	177,821	12,252	190,073
Total revenues	<u>22,174,148</u>	<u>3,900,460</u>	<u>26,074,608</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,195,217	-	2,195,217
Special	520,756	4,577	525,333
Vocational	9,149,858	643,403	9,793,261
Adult/continuing	-	1,114,984	1,114,984
Other	238,895	-	238,895
Support services:			
Pupil	2,301,026	312,433	2,613,459
Instructional staff	1,263,211	58,958	1,322,169
Board of education	57,289	-	57,289
Administration	572,458	387,671	960,129
Fiscal	659,239	-	659,239
Business	248,786	-	248,786
Operations and maintenance	1,410,650	578,308	1,988,958
Pupil transportation	123,253	-	123,253
Central	280,804	89,816	370,620
Operation of non-instructional services			
Food service operations	-	506,242	506,242
Other non-instructional services	142,092	-	142,092
Extracurricular activities	19,584	68,143	87,727
Facilities acquisition and construction	606,976	-	606,976
Debt service:			
Principal retirement	147,530	-	147,530
Interest and fiscal charges	23,461	-	23,461
Total expenditures	<u>19,961,085</u>	<u>3,764,535</u>	<u>23,725,620</u>
Excess of revenues over expenditures	<u>2,213,063</u>	<u>135,925</u>	<u>2,348,988</u>
Other financing sources (uses):			
Transfers in	-	150,000	150,000
Transfers (out)	(150,000)	-	(150,000)
Capital lease transaction	57,125	-	57,125
Total other financing sources (uses)	<u>(92,875)</u>	<u>150,000</u>	<u>57,125</u>
Net change in fund balances	2,120,188	285,925	2,406,113
Fund balances at beginning of year	<u>12,587,348</u>	<u>2,327,651</u>	<u>14,914,999</u>
Fund balances at end of year	<u>\$ 14,707,536</u>	<u>\$ 2,613,576</u>	<u>\$ 17,321,112</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	2,406,113
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,059,279	
Current year depreciation	(1,156,174)	
Total		(96,895)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(10,172)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	77,212	
Earnings on investments	622	
Intergovernmental	(20,887)	
Total		56,947
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		147,530
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(57,125)
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expenditure is reported when due.		
		260
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,762,946	
OPEB	11,192	
Total		1,774,138
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities		
Pension	(2,712,181)	
OPEB	110,160	
Total		(2,602,021)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(56,318)
Change in net position of governmental activities	\$	1,562,457

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Upper Valley Career Center (the “Career Center”) as defined by Section 3311.18 of the Ohio Revised Code, 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. The Career Center exposes high school and adult students to academic preparation and job training, which lead to employment and/or further education upon graduation from high school. The Career Center’s fourteen associate school districts throughout Miami and Shelby Counties, as well as others who are accepted through open enrollment. Additionally, the Career Center reaches students through our associate school satellite programs. The first official body designated as the Upper Valley Career Center Board of Education was formed in 1972. Before the beginning of fiscal year 2012, the Career Center changed its designation from Joint Vocational School District to Career Center.

The Career Center operates under a Board of Education consisting of eleven representatives who are members of the Boards of Education, or appointed by the Boards of Education of the participating school districts. One member is appointed from each of the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following: Midwest Regional Educational Service Center, Piqua City Schools, Sidney City Schools, and Troy City Schools. The Board of Education is responsible for providing vocational job training to residents of the participating school districts. The Career Center is staffed by 59 classified employees and 116 certified employees who provide services to 919 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Career Center. For the Career Center, this includes general operations, food service, and student related activities of the Career Center.

Component units are legally separate organizations for which the Career Center is financially accountable. The Career Center is financially accountable for an organization if the Center appoints a voting majority of the organization’s Governing Board and (1) the Career Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Career Center is legally entitled to or can otherwise access the organization’s resources; or (3) the Career Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Career Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Career Center in that the Career Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the Career Center has no component units. The basic financial statements of the reporting entity include only those of the Career Center (the primary government).

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The following organizations are described due to their relationship to the Career Center:

JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization (WOCO)

The Career Center is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions of member school districts. Each of the governments of these school districts supports WOCO based upon a per-pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the Career Center does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a Board of Directors consisting of the Superintendents of the member school districts and the degree of control is limited to the representation on the Board of Directors. The Career Center paid WOCO \$71,992 for services provided during the fiscal year. Financial information can be obtained from the Director at 129 East Court Street, Sidney, Ohio 45365.

Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 200 school districts in 18 counties. The purpose of this purchasing cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any member district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the SOEPC. During this time, the withdrawing member district is liable for all member obligations. The Career Center paid the SOEPC \$3,200,158 for services provided during the fiscal year. To obtain financial information, write to the Director at Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Upper Valley and Buckeye OTC Consortium (UVBOTCC)

The Career Center is a participant in the Upper Valley and Buckeye OTC Consortium (UVBOTCC), which is a joint consortium for the receipt of secondary, adult, and postsecondary Carl D. Perkins grant monies. UVBOTCC is an association of Upper Valley Career Center and Buckeye Career Center. The organization was formed for the purpose of applying for and receipting funds of the Carl D. Perkins Career and Technical Education Grant. UVBOTCC is governed equally by a representative of each of the member career centers.

INSURANCE PURCHASING POOLS

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The Career Center participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven-member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of the GRP serves as the coordinator of the program. Each year, the participating member school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust") is a public entity shared risk pool consisting of 55 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code, and offers medical, dental and vision insurance benefits to the employees of the participating members. The Trust is governed by the Southwestern Ohio Educational Purchasing Council and its participating members. Each participating member decides which plan offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary 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 and liabilities and deferred inflows is reported as fund balance.

The following is the Career Center's major governmental fund:

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

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

PROPRIETARY FUND

Proprietary funds are used to account for the Career Center's ongoing activities which are similar to those often found in the private sector. The Career Center has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Career Center has no fiduciary funds.

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Career Center as a whole. These statements include the financial activities of the primary government.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Career Center. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Career Center.

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 Career Center are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the Career Center. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 Career Center, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Career Center must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the Career Center on a reimbursement basis. On a modified accrual basis, revenue from 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, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, see Notes 13 and 14 for deferred outflows of resources related the Career Center's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Career Center, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Career Center unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the Career Center, see Notes 13 and 14 for deferred inflows of resources related to the Career Center's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Cash and Investments

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

During fiscal year 2021, the Career Center invested in Federal Home Loan Bank (FHLB) securities, negotiable certificates of deposit, commercial paper, U.S. Treasury notes, municipal bonds, U.S. government money market accounts, and the State Treasury Asset Reserve of Ohio (STAR Ohio).

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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 Standard Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Career 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 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$15,258 which includes (\$13,323) assigned from other Career Center funds.

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

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

F. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Inventory

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

On the fund financial statements, reported material and supplies inventory is equally offset by a non- spendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Career Center maintains a capitalization threshold of \$2,500. 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. The Career Center does not possess infrastructure.

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 building improvements	75 years
Furniture, fixtures and equipment	8 - 20 years
Vehicles	10 - 12 years

I. Interfund Balances

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

J. Compensated Absences

Compensated absences of the Career Center consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the Career Center and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the termination method. The liability is an estimate based on the Career Center's past experience of making termination (severance) payments.

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

K. 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, 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 year. Bonds and capital lease obligations are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

L. Fund Balances

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for adult scholarship and career enhancement.

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

N. Estimates

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

O. Interfund Activity

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

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Fair Value

The Career 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.

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the Career Center has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Vocational Education Enhancement	\$ 138
Adult Basic Education	12,736
Governor's Emergency Education Relief (GEER)	4,577
Vocational Education	90

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. 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;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio), and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Career Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the Career Center had \$1,100 in undeposited cash on hand which is included on the financial statements of the Career Center as part of "equity in pooled cash and investments".

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all Career Center deposits was \$972,052 and the bank balance of all Career Center deposits was \$1,131,506. All of the bank balance was covered by the FDIC.

C. Investments

As of June 30, 2021, the Career Center had the following investments and maturities:

Measurement/ Investment type	Measurement value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair value:</i>						
FHLB	\$ 1,796,855	\$ -	\$ -	\$ -	\$ -	\$ 1,796,855
Municipal bonds	1,592,541	101,567	-	523,303	-	967,671
U.S. Treasury notes	501,330	501,330	-	-	-	-
Negotiable CDs	6,890,880	747,495	1,757,434	759,647	1,800,903	1,825,401
Commercial paper	4,941,451	1,634,578	3,306,873	-	-	-
U.S. Government money market	3,954	3,954	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	1,041,652	1,041,652	-	-	-	-
	<u>\$ 16,768,663</u>	<u>\$ 4,030,576</u>	<u>\$ 5,064,307</u>	<u>\$ 1,282,950</u>	<u>\$ 1,800,903</u>	<u>\$ 4,589,927</u>

The weighted average of maturity of investments is 1.46 years.

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

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Career Center's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Career Center's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The commercial paper was rated P-1 by Moody's. The Career Center's investment in municipal bonds were rated Aa1 and Aa2 by Moody's Investor Services. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Career Center's investment policy does not specifically address credit risk beyond requiring the Career Center to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Career Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Career Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The Career Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Career Center at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLB	\$ 1,796,855	10.72
Municipal bonds	1,592,541	9.50
U.S. Treasury notes	501,330	2.99
Negotiable CDs	6,890,880	41.09
Commercial paper	4,941,451	29.47
U.S. Government money market fund	3,954	0.02
<i>Amortized Cost:</i>		
STAR Ohio	<u>1,041,652</u>	<u>6.21</u>
Total	<u>\$ 16,768,663</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carry amount of deposits	\$ 972,052
Investments	16,768,663
Cash on hand	<u>1,100</u>
Total	<u>\$ 17,741,815</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 17,741,815</u>
Total	<u>\$ 17,741,815</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund loans receivable and payable consisted of the following at June 30, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 56,674</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental fund are eliminated on the government-wide statement of net position.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 150,000</u>

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

All transfers made during the fiscal year 2021 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the Career Center fiscal year runs from July through June. First half tax collections are received by the Career 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 property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Miami, Shelby, Logan, Auglaize and Darke Counties. The County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$1,406,123 in the general fund. This amount is recorded as revenue. The amount available as an advance at June 30, 2020 was \$883,637 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,561,569,870	96.30	\$ 2,594,740,280	96.29
Public utility personal	<u>98,428,170</u>	<u>3.70</u>	<u>99,966,480</u>	<u>3.71</u>
Total	<u>\$ 2,659,998,040</u>	<u>100.00</u>	<u>\$ 2,694,706,760</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$6.40		\$6.40	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 10,006,736
Accounts	18,879
Accrued interest	27,374
Intergovernmental	<u>216,542</u>
Total	<u>\$ 10,269,531</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance			Balance
	<u>06/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/21</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,381,300	\$ -	\$ -	\$ 1,381,300
Construction in progress	<u>-</u>	<u>572,582</u>	<u>-</u>	<u>572,582</u>
Total capital assets, not being depreciated	<u>1,381,300</u>	<u>572,582</u>	<u>-</u>	<u>1,953,882</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	37,048,095	-	-	37,048,095
Furniture, fixtures and equipment	5,865,991	392,894	(27,271)	6,231,614
Vehicles	<u>576,206</u>	<u>93,803</u>	<u>-</u>	<u>670,009</u>
Total capital assets, being depreciated	<u>43,490,292</u>	<u>486,697</u>	<u>(27,271)</u>	<u>43,949,718</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(7,517,209)	(649,386)	-	(8,166,595)
Furniture, fixtures and equipment	(3,421,427)	(472,453)	17,099	(3,876,781)
Vehicles	<u>(323,936)</u>	<u>(34,335)</u>	<u>-</u>	<u>(358,271)</u>
Total accumulated depreciation	<u>(11,262,572)</u>	<u>(1,156,174)</u>	<u>17,099</u>	<u>(12,401,647)</u>
Governmental activities capital assets, net	<u>\$ 33,609,020</u>	<u>\$ (96,895)</u>	<u>\$ (10,172)</u>	<u>\$ 33,501,953</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 59,245
Special	802
Vocational	923,048
Adult/continuing	25,916

Support services:

Pupil	2,594
Instructional staff	8,441
Administration	21,924
Fiscal	948
Business	695
Operations and maintenance	74,972
Pupil transportation	21,201
Central	2,771

Operation of non-instructional services:

Other non-instructional services	<u>13,617</u>
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Total depreciation expense \$ 1,156,174

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In the current fiscal year, the Career Center entered into a lease purchase agreement for copiers. Capital lease payments are reflected as general fund expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by the lease have been capitalized in the amount of \$57,125, which represents the present value of the future minimum lease payments at the time of acquisition. The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Copiers	\$ 57,125	\$ (11,425)	\$ 45,700

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 12,935
2023	12,936
2024	12,936
2025	12,936
2026	<u>9,703</u>
Total minimum lease payments	61,446
Less: amount representing interest	<u>(6,851)</u>
Total	<u>\$ 54,595</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2021, the following activity occurred in governmental activities long-term obligations.

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2021</u>	<u>Amounts Due in One Year</u>
Governmental Activities:					
General obligation bonds:					
Series 2017 bonds BB&T - direct borrowing	\$ 1,075,000	\$ -	\$ (145,000)	\$ 930,000	\$ 145,000
Capital leases	-	57,125	(2,530)	54,595	10,443
Net pension liability	21,741,226	2,025,332	-	23,766,558	-
Net OPEB liability	1,991,258	-	(318,350)	1,672,908	-
Compensated absences	<u>1,556,769</u>	<u>171,647</u>	<u>(107,616)</u>	<u>1,620,800</u>	<u>86,744</u>
Total governmental activities long-term liabilities	<u>\$ 26,364,253</u>	<u>\$ 2,254,104</u>	<u>\$ (573,496)</u>	<u>\$ 28,044,861</u>	<u>\$ 242,187</u>

Series 2017 Bonds BB&T: On July 27, 2017 the Career Center issued \$1,500,000 in Series 2017 general obligation bonds. The bond bears interest of 2.27% with interest payments due June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026. Principal and interest payments are made from the general fund. The bond issuance is considered a direct borrowing. Direct borrowings have terms negotiated directly between the Career Center and the lender and are not offered for public sale.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the Career Center's future annual principal and interest requirements to maturity for its general obligation bonds:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 145,000	\$ 19,465	\$ 164,465
2023	150,000	16,117	166,117
2024	155,000	12,655	167,655
2025	155,000	9,137	164,137
2026	160,000	5,562	165,562
2027	165,000	1,873	166,873
Total	<u>\$ 930,000</u>	<u>\$ 64,809</u>	<u>\$ 994,809</u>

Capital lease - See Note 9 for detail on the Career Center's capital lease.

Net pension liability - See Note 13 for details.

Net OPEB liability/asset - See Note 14 for details.

Compensated absences - Compensated absences will be paid from the funds from which the employees' salaries are paid, which for the Career Center is primarily the general fund and the adult education fund (a nonmajor governmental fund).

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$241,604,130 and an unvoted debt margin of \$1,764,707.

NOTE 11 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation leave and sick leave benefits are derived from the Board of Education's administrative regulations and State laws. Full-time classified employees for annual terms on regular contracts are granted two weeks of paid vacation. They are granted one additional day of paid vacation for every full year of service to the Career Center after the completion of five years. After 20 years of service, classified employees are granted 25 days of paid vacation.

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - OTHER EMPLOYEE BENEFITS - (Continued)

Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Directors, 260-day Supervisors, and the Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 1.25 days per month. Sick leave may be accumulated up to a maximum of 240 days. Upon retirement, payment is made for 27% of the employee's accrued but unused sick leave, a maximum of 220 days, for a total maximum of 59.4 days.

B. Life Insurance

The Career Center provides life insurance and accidental death and dismemberment insurance to most employees through Unum Insurance Company.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the Career Center contracted with the Britt Insurance Company of Illinois for property, fleet, stop-gap, employee benefits, and liability insurance. Settled claims have not exceeded this commercial coverage in the past three fiscal years. There have been no significant changes in coverage from the last fiscal year.

B. Medical/Dental/Vision Insurance Benefits

For fiscal year 2021, the Career Center participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust"), a public entity shared risk pool consisting of 55 school districts (See Note 2). The Career Center pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The Career Center also provides vision insurance benefits to employees through Vision Service Plan (VSP).

C. Workers' Compensation

For fiscal year 2021, the Career Center participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Corvel Corporation provides administrative, cost control and actuarial services to the GRP.

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represent the Career 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 Career Center’s obligation for this liability to annually required payments. The Career Center cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Career Center does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Career Center is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The Career Center's contractually required contribution to SERS was \$403,565 for fiscal year 2021. Of this amount, \$19,501 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The Career Center was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was \$1,359,381 for fiscal year 2021. Of this amount, \$175,507 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.08570330%	0.07512502%	
Proportion of the net pension liability current measurement date	<u>0.08308890%</u>	<u>0.07551062%</u>	
Change in proportionate share	<u>-0.00261440%</u>	<u>0.00038560%</u>	
Proportionate share of the net pension liability	\$ 5,495,675	\$ 18,270,883	\$ 23,766,558
Pension expense	\$ 618,160	\$ 2,094,021	\$ 2,712,181

At June 30, 2021, the Career Center's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 10,675	\$ 40,996	\$ 51,671
Net difference between projected and actual earnings on pension plan investments	348,863	888,514	1,237,377
Changes of assumptions	-	980,792	980,792
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	133,472	133,472
Contributions subsequent to the measurement date	<u>403,565</u>	<u>1,359,381</u>	<u>1,762,946</u>
Total deferred outflows of resources	<u>\$ 763,103</u>	<u>\$ 3,403,155</u>	<u>\$ 4,166,258</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 116,829	\$ 116,829
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>101,556</u>	<u>170,920</u>	<u>272,476</u>
Total deferred inflows of resources	<u>\$ 101,556</u>	<u>\$ 287,749</u>	<u>\$ 389,305</u>

\$1,762,946 reported as deferred outflows of resources related to pension resulting from Career Center's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (66,806)	\$ 507,384	\$ 440,578
2023	70,152	334,921	405,073
2024	145,412	501,344	646,756
2025	109,224	412,376	521,600
Total	\$ 257,982	\$ 1,756,025	\$ 2,014,007

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, 2020, are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

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

Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease	Current Discount Rate	1% Increase
Career Center's proportionate share of the net pension liability	\$ 7,528,404	\$ 5,495,675	\$ 3,790,177

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
Career Center's proportionate share of the net pension liability	\$ 26,014,557	\$ 18,270,883	\$ 11,708,765

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment 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 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Career Center's surcharge obligation was \$11,192.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contractually required contribution to SERS was \$11,192 for fiscal year 2021. Of this amount, \$11,192 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Career Center's proportion of the net OPEB liability/asset was based on the Career Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.07918190%	0.07512502%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.07697450%</u>	<u>0.07551062%</u>	
Change in proportionate share	<u>-0.00220740%</u>	<u>0.00038560%</u>	
Proportionate share of the net OPEB liability	\$ 1,672,908	\$ -	\$ 1,672,908
Proportionate share of the net OPEB asset	\$ -	\$ (1,327,099)	\$ (1,327,099)
OPEB expense	\$ (18,619)	\$ (91,541)	\$ (110,160)

At June 30, 2021, the Career Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 21,973	\$ 85,035	\$ 107,008
Net difference between projected and actual earnings on OPEB plan investments	18,850	46,511	65,361
Changes of assumptions	285,173	21,907	307,080
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	42,742	25,699	68,441
Contributions subsequent to the measurement date	<u>11,192</u>	<u>-</u>	<u>11,192</u>
Total deferred outflows of resources	<u>\$ 379,930</u>	<u>\$ 179,152</u>	<u>\$ 559,082</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 850,790	\$ 264,337	\$ 1,115,127
Changes of assumptions	42,136	1,260,519	1,302,655
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>171,905</u>	<u>59,193</u>	<u>231,098</u>
Total deferred inflows of resources	<u>\$ 1,064,831</u>	<u>\$ 1,584,049</u>	<u>\$ 2,648,880</u>

\$11,192 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (135,701)	\$ (355,324)	\$ (491,025)
2023	(134,339)	(323,842)	(458,181)
2024	(134,560)	(312,797)	(447,357)
2025	(140,139)	(287,625)	(427,764)
2026	(111,641)	(61,276)	(172,917)
Thereafter	(39,713)	(64,033)	(103,746)
Total	\$ (696,093)	\$ (1,404,897)	\$ (2,100,990)

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	Career Center's proportionate share of the net OPEB liability	\$ 2,047,598	\$ 1,672,908

	1% Decrease	Current Trend Rate	1% Increase
	Career Center's proportionate share of the net OPEB liability	\$ 1,317,288	\$ 1,672,908

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

Sensitivity of the Career Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
Career Center's proportionate share of the net OPEB asset	\$ 1,154,662	\$ 1,327,099	\$ 1,473,404

	1% Decrease	Current Trend Rate	1% Increase
Career Center's proportionate share of the net OPEB asset	\$ 1,464,322	\$ 1,327,099	\$ 1,159,938

**UPPER VALLEY CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - CONTINGENCIES

A. Grants

The Career Center receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Career Center. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the Career Center.

B. Litigation

The Career Center is involved in no material litigation as either plaintiff or defendant.

NOTE 16 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Career Center. The Career Center's investment portfolio and the pension and other employee benefits plan in which the Career Center participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Career Center's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 17 - SET-ASIDES

The Career Center is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end.

This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	245,995
Current year offsets	<u>(337,500)</u>
Total	<u>\$ (91,505)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

During fiscal year 2010, the Career Center issued \$7,285,000 in capital related school facilities general obligation bonds. During fiscal year 2018, the Career Center issued \$1,500,000 for a new construction project. The Career Center is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$8,427,669 at June 30, 2021.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 18 - OTHER COMMITMENTS

The Career Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Career Center had commitments for encumbrances in governmental funds as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 26,794
Nonmajor governmental funds	<u>1,637</u>
Total	<u>\$ 28,431</u>

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone (“EZ”) programs with the taxing districts of the Career Center. The CRA and EZ programs are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the Career Center, Miami County and Shelby County have entered into such an agreement. Under this agreement (using latest information available) the Career Center’s property taxes were reduced by approximately \$63,162 and \$66,354, respectively. The Career Center is not receiving any amounts from this other government in association with the forgone property tax revenue.

NOTE 20 - SUBSEQUENT EVENT

For fiscal year 2022, Career Center foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the Career Center were funded to the Career Center who, in turn, made the payment to the educating school. For fiscal year 2021, the Career Center reported \$678,306 in tuition and fees from the resident school district which will be direct funded to the Career Center in fiscal year 2022. This new funding system calculates a unique base cost for each Career Center. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Career Center's proportion of the net pension liability	0.08308890%	0.08570330%	0.08663590%	0.08100330%
Career Center's proportionate share of the net pension liability	\$ 5,495,675	\$ 5,127,779	\$ 4,961,798	\$ 4,839,768
Career Center covered payroll	\$ 2,919,350	\$ 3,066,207	\$ 2,825,941	\$ 2,675,364
Career Center's proportionate share of the net pension liability as a percentage of its covered payroll	188.25%	167.24%	175.58%	180.90%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.08171320%	0.08239890%	0.08307200%	0.08307200%
\$ 5,980,652	\$ 4,701,761	\$ 4,204,227	\$ 4,940,025
\$ 2,537,707	\$ 2,480,637	\$ 2,413,903	\$ 1,883,945
235.67%	189.54%	174.17%	262.22%
62.98%	69.16%	71.70%	65.52%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST EIGHT FISCAL YEARS			
	2021	2020	2019	2018
Career Center's proportion of the net pension liability	0.07551062%	0.07512502%	0.07599164%	0.07493250%
Career Center's proportionate share net pension liability	\$ 18,270,883	\$ 16,613,447	\$ 16,708,855	\$ 17,800,376
Career Center covered payroll	\$ 9,170,821	\$ 9,956,364	\$ 9,209,964	\$ 9,998,743
Career Center's proportionate share of net pension liability as a percentage of its covered payroll	199.23%	166.86%	181.42%	178.03%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07733354%	0.07943705%	0.08200887%	0.08200887%
\$ 25,885,867	\$ 21,954,077	\$ 19,947,395	\$ 23,761,207
\$ 9,421,421	\$ 8,355,100	\$ 8,379,046	\$ 9,279,715
274.76%	262.76%	238.06%	256.06%
66.80%	72.10%	74.70%	69.30%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 403,565	\$ 408,709	\$ 413,938	\$ 381,502
Contributions in relation to the contractually required contribution	<u>(403,565)</u>	<u>(408,709)</u>	<u>(413,938)</u>	<u>(381,502)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 2,882,607	\$ 2,919,350	\$ 3,066,207	\$ 2,825,941
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 374,551	\$ 355,279	\$ 326,948	\$ 334,567	\$ 260,738	\$ 275,006
<u>(374,551)</u>	<u>(355,279)</u>	<u>(326,948)</u>	<u>(334,567)</u>	<u>(260,738)</u>	<u>(275,006)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,675,364	\$ 2,537,707	\$ 2,480,637	\$ 2,413,903	\$ 1,883,945	\$ 2,044,654
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,359,381	\$ 1,283,915	\$ 1,393,891	\$ 1,289,395
Contributions in relation to the contractually required contribution	<u>(1,359,381)</u>	<u>(1,283,915)</u>	<u>(1,393,891)</u>	<u>(1,289,395)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 9,709,864	\$ 9,170,821	\$ 9,956,364	\$ 9,209,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,399,824	\$ 1,318,999	\$ 1,169,714	\$ 1,089,276	\$ 1,206,363	\$ 1,355,441
<u>(1,399,824)</u>	<u>(1,318,999)</u>	<u>(1,169,714)</u>	<u>(1,089,276)</u>	<u>(1,206,363)</u>	<u>(1,355,441)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,998,743	\$ 9,421,421	\$ 8,355,100	\$ 8,379,046	\$ 9,279,715	\$ 10,426,469
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Career Center's proportion of the net OPEB liability	0.07697450%	0.07918190%	0.08110890%	0.07657060%	0.07723781%
Career Center's proportionate share net OPEB liability	\$ 1,672,908	\$ 1,991,258	\$ 2,250,180	\$ 2,054,953	\$ 2,201,563
Career Center covered payroll	\$ 2,919,350	\$ 3,066,207	\$ 2,825,941	\$ 2,675,364	\$ 2,537,707
Career Center's proportionate share of net OPEB liability as a percentage of its covered payroll	57.30%	64.94%	79.63%	76.81%	86.75%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Career Center's proportion of the net OPEB liability/asset	0.07551062%	0.07512502%	0.07599164%	0.07493250%	0.07733354%
Career Center's proportionate share net OPEB liability/(asset)	\$ (1,327,099)	\$ (1,244,250)	\$ (1,221,108)	\$ 2,923,590	\$ 4,135,818
Career Center covered payroll	\$ 9,170,821	\$ 9,956,364	\$ 9,209,964	\$ 9,998,743	\$ 9,421,421
Career Center's proportionate share of net OPEB liability/asset as a percentage of its covered payroll	14.47%	12.50%	13.26%	29.24%	43.90%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 11,192	\$ 5,715	\$ 23,136	\$ 27,823
Contributions in relation to the contractually required contribution	<u>(11,192)</u>	<u>(5,715)</u>	<u>(23,136)</u>	<u>(27,823)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 2,882,607	\$ 2,919,350	\$ 3,066,207	\$ 2,825,941
Contributions as a percentage of covered payroll	0.39%	0.20%	0.75%	0.98%

Note: Information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>
\$ 15,696	\$ 16,810
<u>(15,696)</u>	<u>(16,810)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 2,675,364	\$ 2,537,707
0.59%	0.66%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 9,709,864	\$ 9,170,821	\$ 9,956,364	\$ 9,209,964
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2016 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>
\$ -	\$ -
<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 9,998,743	\$ 9,421,421
0.00%	0.00%

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 9,572,428	\$ 9,933,460	\$ 9,933,460	\$ -
Intergovernmental	10,518,110	10,914,809	10,914,809	-
Investment earnings	174,343	180,918	180,918	-
Tuition and fees	689,940	715,962	715,962	-
Rental income	1,388	1,440	1,440	-
Contributions and donations	7,806	8,100	8,100	-
Miscellaneous	120,520	125,066	125,066	-
Total revenues	<u>21,084,535</u>	<u>21,879,755</u>	<u>21,879,755</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	2,225,384	2,186,554	2,186,554	-
Special	570,583	505,295	505,295	-
Vocational	10,128,342	9,042,767	9,042,767	-
Other	246,271	221,373	221,373	-
Support services:				
Pupil	2,237,888	2,207,719	2,207,719	-
Instructional staff	1,575,650	1,262,912	1,262,912	-
Board of education	71,448	57,642	57,642	-
Administration	709,869	638,758	638,758	-
Fiscal	670,458	658,812	658,812	-
Business	255,311	248,899	248,899	-
Operations and maintenance	1,536,854	1,415,515	1,415,515	-
Pupil transportation	174,344	123,164	123,164	-
Central	369,726	287,763	287,763	-
Operation of non-instructional services				
Other non-instructional services	48,494	45,571	45,571	-
Extracurricular activities	61,205	19,584	19,584	-
Facilities acquisition and construction	155,224	765,627	627,448	138,179
Debt service:				
Principal	147,559	145,000	145,000	-
Interest and fiscal charges	23,159	22,757	22,757	-
Total expenditures	<u>21,207,769</u>	<u>19,855,712</u>	<u>19,717,533</u>	<u>138,179</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(123,234)</u>	<u>2,024,043</u>	<u>2,162,222</u>	<u>138,179</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	23,101	23,101	-
Refund of prior year's receipts	-	(6,150)	(6,150)	-
Transfers in	655,810	655,810	-	(655,810)
Transfers (out)	-	(1,143,310)	(487,500)	655,810
Advances in	-	100,464	25,464	(75,000)
Advances (out)	-	(131,675)	(56,675)	75,000
Sale of capital assets	-	65,949	65,949	-
Total other financing sources (uses)	<u>655,810</u>	<u>(435,811)</u>	<u>(435,811)</u>	<u>-</u>
Net change in fund balance	532,576	1,588,232	1,726,411	138,179
Fund balance at beginning of year	<u>12,574,579</u>	<u>12,574,579</u>	<u>12,574,579</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,107,155</u>	<u>\$ 14,162,811</u>	<u>\$ 14,300,990</u>	<u>\$ 138,179</u>

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - BUDGETARY PROCESS

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Career Center Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedules reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedules reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2021.

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

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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at cost (budget basis) as opposed to fair value (GAAP basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - BUDGETARY PROCESS - (Continued)

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,726,411
Net adjustment for revenue accruals	176,766
Net adjustment for expenditure accruals	(264,636)
Net adjustment for other sources/uses	342,936
Funds budgeted elsewhere	20,032
Adjustment for encumbrances	118,679
GAAP basis	<u>\$ 2,120,188</u>

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

NOTE 2 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE CAREER CENTER'S NET PENSION LIABILITY

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE CAREER CENTER'S NET PENSION LIABILITY - (Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

NOTE 3 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE CAREER CENTER'S NET OPEB LIABILITY/ASSET

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

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

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE CAREER CENTER'S NET OPEB LIABILITY/ASSET - (Continued)

For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - REQUIRED SUPPLEMENTARY INFORMATION FOR THE CAREER CENTER'S NET OPEB LIABILITY/ASSET - (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Passed Through to Subrecipients	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553		\$40,990	
COVID-19 School Breakfast Program	10.553		4,683	
National School Lunch Program	10.555		289,317	\$24,677
COVID-19 National School Lunch Program	10.555		32,639	
Total Child Nutrition Cluster			<u>367,629</u>	<u>24,677</u>
Total U.S. Department of Agriculture			<u>367,629</u>	<u>24,677</u>
U.S. DEPARTMENT OF THE TREASURY				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019		80,164	
Total U.S. Department of the Treasury			<u>80,164</u>	
U.S. NATIONAL ENDOWMENT OF THE HUMANITIES				
<i>Passed Through the State Library of Ohio</i>				
COVID-19 Grants to States	45.310		3,000	
Total U.S. National Endowment of the Humanities			<u>3,000</u>	
U.S. DEPARTMENT OF EDUCATION				
<i>Direct Award</i>				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063		268,595	
Federal Direct Student Loans	84.268		400,258	
Total Student Financial Assistance Cluster			<u>668,853</u>	
<i>Passed Through Ohio Department of Higher Education</i>				
Adult Education - Basic Grants to States	84.002		135,519	
<i>Passed through Ohio Department of Education</i>				
Career and Technical Education - Basic Grants to States	84.048	\$61,672	386,948	
<i>Direct Award</i>				
COVID-19 Education Stabilization Fund	84.425F		107,864	
<i>Passed through Ohio Department of Education</i>				
COVID-19 Education Stabilization Fund	84.425C		246,638	
<i>Passed through Ohio Department of Education (Passed through Pickaway-Ross Career and Technology Center)</i>				
COVID-19 Education Stabilization Fund	84.425B		11,000	
Total COVID-19 Education Stabilization Fund			<u>365,502</u>	
Total U.S. Department of Education		<u>61,672</u>	<u>1,556,822</u>	
Total Expenditures of Federal Awards		<u>\$61,672</u>	<u>\$2,007,615</u>	<u>\$24,677</u>

The accompanying notes are an integral part of this schedule.

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Upper Valley Career Center (the Career Center) under programs of the federal government for the fiscal year ended June 30, 2021. 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 Career Center, it is not intended to and does not present the financial position or changes in net position of the Career 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 Career Center has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The Career Center passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Career Center reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Career Center has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G - MATCHING REQUIREMENTS

Certain Federal programs require the Career Center to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Career Center has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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

Upper Valley Career Center
Miami County
8811 Career Drive
Piqua, Ohio 45356

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, (the Career Center) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 10, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Career Center.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Upper Valley Career Center
Miami County
8811 Career Drive
Piqua, Ohio 45356

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Upper Valley Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Upper Valley Career Center's major federal program for the fiscal year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Career Center's major federal program.

Management's Responsibility

The Career Center's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We believe our audit provides a reasonable basis for our compliance opinion on the Career Center's major program. However, our audit does not provide a legal determination of the Career Center's compliance.

Opinion on the Major Federal Program

In our opinion, Upper Valley Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

December 10, 2021

**UPPER VALLEY CAREER CENTER
MIAMI COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

None

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OHIO AUDITOR OF STATE KEITH FABER



UPPER VALLEY CAREER CENTER

MIAMI COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/28/2021

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This report is a matter of public record and is available online at
www.ohioauditor.gov