



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Mid-East Career and Technology Centers
400 Richards Road
Zanesville, Ohio 43701

We have reviewed the *Independent Auditor's Report* of Mid-East Career and Technology Centers, Muskingum County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2024

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Muskingum County
For the Year Ended June 30, 2023
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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mid-East Career and Technology Centers, Muskingum County, Ohio (the Center), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mid-East Career and Technology Centers, Muskingum County, Ohio as of June 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Adult Education Special Revenue Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
December 27, 2023

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Management's Discussion and Analysis (MD&A) provides the reader with a narrative overview and analysis of the Mid-East Career and Technology Center's (Center) financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Center's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- The assets and deferred outflows of resources of the Center exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2023 by \$93,636,102. As a result, the Center's net position increased \$4,222,279.
- General revenues accounted for \$19,567,427 or 64 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$11,146,422 or 36 percent of total revenues of \$30,713,849.
- The Center had \$26,491,570 in expenses related to governmental activities; only \$11,146,422 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and unrestricted grants) in the amount of \$19,567,427 were adequate to provide for these programs.

Using this Basic Financial Statements Report

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

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

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

Reporting the Center as a Whole

Statement of Net Position and Statement of Activities

While these documents contain the large number of funds used by the Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2023 fiscal year?"

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

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

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

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

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

Reporting the Center's Fiduciary Responsibilities

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

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Center as a whole. Table 1 provides a summary of the Center's net position for fiscal year 2023 compared to fiscal year 2022.

Table 1 - Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current and Other Assets	\$72,254,504	\$69,693,389	\$2,561,115
Noncurrent Assets:			
Net OPEB Asset	1,789,345	1,429,304	360,041
Capital Assets, Net	59,925,094	59,824,047	101,047
Total Assets	<u>133,968,943</u>	<u>130,946,740</u>	<u>3,022,203</u>
Deferred Outflows of Resources			
Pension	4,837,676	4,616,513	221,163
OPEB	362,728	438,827	(76,099)
Total Deferred Outflows of Resources	<u>5,200,404</u>	<u>5,055,340</u>	<u>145,064</u>
Liabilities			
Current and Other Liabilities	2,809,332	3,205,071	(395,739)
Long-Term Liabilities			
Due Within One Year	1,169,000	1,153,917	15,083
Due in More Than One Year:			
Net Pension Liability	19,611,232	11,717,911	7,893,321
Net OPEB Liability	1,060,314	1,486,747	(426,433)
Other Amounts	8,278,107	9,435,117	(1,157,010)
Total Liabilities	<u>32,927,985</u>	<u>26,998,763</u>	<u>5,929,222</u>
Deferred Inflows of Resources			
Property Taxes	7,603,258	7,290,351	312,907
Pension	2,186,853	9,742,054	(7,555,201)
OPEB	2,815,149	2,557,089	258,060
Total Deferred Inflows of Resources	<u>12,605,260</u>	<u>19,589,494</u>	<u>(6,984,234)</u>
Net Position			
Net Investment in Capital Assets	51,071,323	51,155,531	(84,208)
Restricted	15,686,497	15,513,946	172,551
Unrestricted	26,878,282	22,744,346	4,133,936
Total Net Position	<u>\$93,636,102</u>	<u>\$89,413,823</u>	<u>\$4,222,279</u>

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Center is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets reflect an increase in the amount of \$3,022,203. Current and other assets reflect an increase in the amount of \$2,561,115 primarily due to an increase in cash and cash equivalents. Cash and cash equivalents have increased in the amount of \$3,493,738 as the Center strives to maintain a healthy working balance in as many areas as possible. Capital assets increased by \$101,047 as capitalizations exceeded current year depreciation. In fiscal year 2020, the Center entered into a financed purchase contract, the proceeds of which are being used for construction of a local facility project.

Deferred outflows of resources increased in the amount of \$145,064, due to the net differences between expected and actual experience, earnings on investments, payments subsequent to the measurement date, and changes of assumptions related to the Center's proportionate share of the net pension and OPEB liabilities.

Total liabilities increased \$5,929,222. Long-term liabilities increased \$6,324,961 due to the increase in the net pension liability in the amount of \$7,893,321, the decrease in other amounts due in more than one year liabilities in the amount of \$1,157,010, and the decrease in due in one year in the amount of \$15,083. The decrease in other amounts due in more than one year liabilities is due to payments on outstanding debt. The changes in the net pension and OPEB liabilities represent changes in the Center's proportionate share of the STRS and SERS unfunded benefits. Changes in pension / OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Total deferred inflows of resources decreased \$6,984,234. This decrease was the result of three factors; a decrease in deferred inflows of resources related to pension due to changes in pension plan investments, and a decrease in deferred inflows of resources related to OPEB due to changes in assumptions, which were offset by a decrease in deferred inflows of resources for property taxes.

By comparing assets and deferred outflows of resources and liabilities and deferred inflows of resources, one can see the overall position of the Center has improved as evidenced by the increase in net position in the amount of \$4,222,279. The largest change is in unrestricted net position due primarily to the change in pension for School Employees Retirement System (SERS) related items as discussed elsewhere. Restricted net position increased in the amount of \$172,551 primarily due to the increase in the amount restricted for OPEB plans related to State Teachers Retirement System (STRS).

Net investment in capital assets decreased by \$84,208 as a combined result of retiring capital related debt and recognizing current year capitalizations and depreciation.

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Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 2 shows the changes in net position for the fiscal year 2023 and comparisons to fiscal year 2022.

Table 2 - Change in Net Position

	Governmental Activities		
	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services	\$2,470,652	\$1,946,248	\$524,404
Operating Grants, Contributions, and Interest	8,505,345	8,500,653	4,692
Capital Grants, Contributions, and Interest	170,425	71,338	99,087
Total Program Revenues	<u>11,146,422</u>	<u>10,518,239</u>	<u>628,183</u>
General Revenues:			
Property Taxes	12,310,145	11,835,634	474,511
Payments in Lieu of Taxes	11,564	11,468	96
Grants and Entitlements	6,588,494	6,146,884	441,610
Gain on Sale of Capital Assets	54,721	0	54,721
Investment Earnings and Miscellaneous	602,503	(615,680)	1,218,183
Total General Revenues	<u>19,567,427</u>	<u>17,378,306</u>	<u>2,189,121</u>
Total Revenues	<u>30,713,849</u>	<u>27,896,545</u>	<u>2,817,304</u>
Program Expenses			
Instruction:			
Regular	3,487,109	2,878,502	608,607
Vocational	9,679,939	8,246,732	1,433,207
Adult/Continuing	3,633,356	3,445,151	188,205
Support Services:			
Pupils	1,614,118	1,214,667	399,451
Instructional Staff	1,291,263	1,113,565	177,698
Board of Education	71,952	57,136	14,816
Administration	1,834,661	1,589,331	245,330
Fiscal	969,033	872,293	96,740
Business	227,345	209,160	18,185
Operation and Maintenance of Plant	2,033,764	2,054,433	(20,669)
Pupil Transportation	158,773	132,534	26,239
Central	238,222	275,649	(37,427)
Operation of Non-Instructional Services	874,324	636,826	237,498
Extracurricular Activities	196,244	189,195	7,049
Interest	181,467	204,570	(23,103)
Total Expenses	<u>26,491,570</u>	<u>23,119,744</u>	<u>3,371,826</u>
Change in Net Position	<u>4,222,279</u>	<u>4,776,801</u>	<u>(554,522)</u>
Net Position Beginning of Year	<u>89,413,823</u>	<u>84,637,022</u>	<u>4,776,801</u>
Net Position End of Year	<u>\$93,636,102</u>	<u>\$89,413,823</u>	<u>\$4,222,279</u>

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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Net position increased by \$4,222,279 in fiscal year 2023. Overall revenues reflect an increase in the amount of \$2,817,304. Program revenues increased in the amount of \$628,183 and general revenues increased in the amount of \$2,189,121. The increase in charges for services is largely due to tuition and fees related to increased enrollment. Student counts are returning to pre-pandemic numbers. Operating grants, contributions, and interest remained consistent with a slight increase of \$4,692 from fiscal year 2022.

The DeRolph III decision has not eliminated the dependence on property taxes. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Property taxes made up 40 percent of revenues for governmental activities in fiscal year 2023. The remaining 60 percent of revenues are received through outside sources, such as restricted and unrestricted grants in aid and tuition received from the adult education program.

Instructional programs comprise 63 percent of total governmental program expenses. Of the instructional expenses, approximately 58 percent is for vocational instruction, 21 percent is for adult/continuing instruction, and 21 percent is for regular instruction. Expenses have increased in the majority of programs. These increases are the direct result of pension/OPEB expense as explained earlier. Without the pension/OPEB expense, there are minimal changes from the prior fiscal year in program expenses as a result of practical administrative financial decisions which led to the increase in cash and cash equivalents.

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

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Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 3 - Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instructional Services:				
Regular	\$3,487,109	\$3,487,109	\$2,878,502	\$2,878,502
Vocational	9,679,939	4,805,551	8,246,732	3,649,967
Adult/Continuing	3,633,356	(307,348)	3,445,151	(508,391)
Support Services:				
Pupils	1,614,118	1,330,063	1,214,667	1,012,295
Instructional Staff	1,291,263	672,418	1,113,565	539,697
Board of Education	71,952	71,952	57,136	57,136
Administration	1,834,661	1,799,181	1,589,331	1,560,272
Fiscal	969,033	848,848	872,293	779,681
Business	227,345	227,345	209,160	209,160
Operation and Maintenance of Plant	2,033,764	1,905,813	2,054,433	1,915,410
Pupil Transportation	158,773	158,773	132,534	132,534
Central	238,222	237,350	275,649	249,685
Operation of Non-Instructional Services	874,324	(149,704)	636,826	(153,685)
Extracurricular Activities	196,244	76,330	189,195	74,672
Investment Earning / Interest	181,467	181,467	204,570	204,570
Total Expenses	<u>\$26,491,570</u>	<u>\$15,345,148</u>	<u>\$23,119,744</u>	<u>\$12,601,505</u>

The dependence upon tax revenues and State subsidies is apparent. Approximately 58 percent of total expenses are supported through taxes and other general revenues. Over the past several years the Center has remained in a stable financial position. The Center receives tax revenues from Muskingum, Guernsey, Licking, Coshocton, Perry, Washington, Monroe, Fairfield, and Noble Counties.

The Center's Major Funds

The Center's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had revenues in the amount of \$30,936,463, expenditures in the amount of \$28,092,275, and an overall increase in fund balance in the amount of \$2,913,812, after other financing source and use.

The General Fund's net change in fund balance after other financing use for the year was an increase in the amount of \$3,242,625. The positive change in the General Fund, as has been the case for the past several years, reflects the Center's continuing commitment to maintaining a healthy cumulative balance in its primary operating fund. Sound fiscal and administrative judgment has helped the Center meet their goal not to deficit spend.

The Adult Education Special Revenue Fund adds to its carryover fund balance with a net change of \$487,549. This program continues to cover its costs associated with adult instruction with adequate revenue. However, this fund greatly relies on Pell grant and Stafford loan subsidies for its operating costs and without this funding would not be able to sustain current operations on tuition revenue alone.

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, in total, the Center made no changes to its General Fund revenue and expenditure budget amounts; however, the Center did move appropriations between line items to better suit the Center's purposes. Budgeted revenues, including other financing sources, were \$1,004,279 below actual results due to conservative interest revenue estimates. Final budgeted expenditures, including other financing uses, increased and were \$1,941,291 higher than actual results. Vocational instruction expenditures were anticipated at a higher amount than actual results as the Center expected more core academic classes to become necessary. In addition, the Center uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

The General Fund unencumbered ending cash balance totaled \$32,859,972, which was \$2,945,570 above the final budgeted amount of \$29,914,402.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the Center had \$59,925,094 invested in land, construction in progress, buildings and improvements, vehicles, and machinery, equipment, furniture and fixtures. Table 4 shows fiscal year 2023 balances compared to fiscal year 2022.

Table 4
Capital Assets at June 30

	Governmental Activities	
	2023	2022
Land	\$788,955	\$788,955
Construction in Progress	1,883,536	510,752
Buildings and Improvements	54,393,397	56,029,578
Vehicles	591,386	476,040
Intangible right to use assets - Equipment	0	6,503
Machinery, Equipment, Furniture and Fixtures	2,267,820	2,012,219
Totals	\$59,925,094	\$59,824,047

See Note 12 for more detailed information of the Center's capital assets.

Mid-East Career and Technology Centers, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Long-Term Obligations

At June 30, 2023, the Center had \$8,690,000 in outstanding long-term debt, which is comprised of outstanding financed purchases.

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

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

Economic Factors

During fiscal year 2023, on a modified accrual basis, General Fund revenues exceeded General Fund expenditures and other financing uses by \$3,242,625. However, as the preceding information demonstrates, the Center depends on its property taxpayers. The Center has continued to maintain spending in line with revenues. Careful monitoring of the Center finances must continue if the Center hopes to remain on firm financial footing. The Board of Education and Administration of the Center must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Center, as well as careful planning to ensure that significant outlays may be made in the future to address our facility needs.

Contacting the Center's Financial Management

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

**Basic
Financial
Statements**

Mid-East Career and Technology Centers, Ohio
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$56,347,370
Cash and Cash Equivalents in Segregated Accounts	1,386,079
Accounts Receivable	380,310
Inventory Held for Resale	6,687
Materials and Supplies Inventory	51,498
Prepaid Items	157,882
Accrued Interest Receivable	202,213
Property Taxes Receivable	13,180,691
Intergovernmental Receivable	541,774
Net OPEB Asset	1,789,345
Nondepreciable Capital Assets	2,672,491
Depreciable Capital Assets, Net	57,252,603
Total Assets	133,968,943
Deferred Outflows of Resources	
Pension	4,837,676
OPEB	362,728
Total Deferred Outflows of Resources	5,200,404
Liabilities	
Matured Compensated Absences Payable	65,185
Accounts Payable	129,889
Contracts Payable	127,865
Retainage Payable	37,591
Accrued Wages and Benefits Payable	1,770,459
Intergovernmental Payable	315,042
Accrued Interest Payable	13,931
Vacation Benefits Payable	183,341
Unearned Revenue	166,029
Long-Term Liabilities:	
Due Within One Year	1,169,000
Due in More Than One Year:	
Net Pension Liability	19,611,232
Net OPEB Liability	1,060,314
Other Amounts	8,278,107
Total Liabilities	32,927,985
Deferred Inflows of Resources	
Property Taxes	7,603,258
Pension	2,186,853
OPEB	2,815,149
Total Deferred Inflows of Resources	12,605,260
Net Position	
Net Investment in Capital Assets	51,071,323
Restricted for:	
Capital Projects	5,452,047
Set Asides	45,566
Adult Education	4,064,981
District Managed Activities	119,319
Classroom Facilities Maintenance	5,329,611
Local Grant Programs	6,951
Federal Grant Programs	5,310
Food Service Operations	266,822
Unclaimed Monies	5,935
OPEB Plans	389,955
Unrestricted	26,878,282
Total Net Position	\$93,636,102

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Change and in Net Position
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$3,487,109	\$0	\$0	\$0	(\$3,487,109)
Vocational	9,679,939	263,443	4,459,403	151,542	(4,805,551)
Adult/Continuing	3,633,356	1,388,303	2,552,401	0	307,348
Support Services:					
Pupils	1,614,118	0	284,055	0	(1,330,063)
Instructional Staff	1,291,263	198,304	420,541	0	(672,418)
Board of Education	71,952	0	0	0	(71,952)
Administration	1,834,661	0	35,480	0	(1,799,181)
Fiscal	969,033	38,492	62,810	18,883	(848,848)
Business	227,345	0	0	0	(227,345)
Operation and Maintenance of Plant	2,033,764	45,097	82,854	0	(1,905,813)
Pupil Transportation	158,773	0	0	0	(158,773)
Central	238,222	0	872	0	(237,350)
Operation of Non-Instructional Services:					
Food Service Operations	668,871	274,059	345,422	0	(49,390)
Other Non-Instructional Services	205,453	143,408	261,139	0	199,094
Extracurricular Activities	196,244	119,546	368	0	(76,330)
Interest	181,467	0	0	0	(181,467)
Total Governmental Activities	<u>\$26,491,570</u>	<u>\$2,470,652</u>	<u>\$8,505,345</u>	<u>\$170,425</u>	<u>(15,345,148)</u>
General Revenues					
Property Taxes Levied for General Purposes					10,896,544
Property Taxes Levied for Capital Outlay					1,413,601
Payments in Lieu of Taxes					11,564
Grants and Entitlements not Restricted to Specific Programs					6,588,494
Investment Earnings					546,860
Gain on Sale of Capital Assets					54,721
Miscellaneous					55,643
Total General Revenues					<u>19,567,427</u>
Change in Net Position					4,222,279
Net Position Beginning of Year					<u>89,413,823</u>
Net Position End of Year					<u>\$93,636,102</u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$32,885,815	\$3,964,202	\$19,445,852	\$56,295,869
Cash and Cash Equivalents in Segregated Accounts	0	0	1,386,079	1,386,079
Inventory Held for Resale	0	0	6,687	6,687
Materials and Supplies Inventory	48,357	0	3,141	51,498
Accounts Receivable	26,134	341,964	12,212	380,310
Intergovernmental Receivable	13,522	1,766	526,486	541,774
Accrued Interest Receivable	142,560	16,622	43,031	202,213
Interfund Receivable	162,336	0	0	162,336
Prepaid Items	121,518	27,433	8,931	157,882
Restricted Asset - Equity in Pooled Cash and Cash Equivalents	51,501	0	0	51,501
Property Taxes Receivable	11,661,451	0	1,519,240	13,180,691
Total Assets	\$45,113,194	\$4,351,987	\$22,951,659	\$72,416,840
Liabilities				
Accounts Payable	\$44,031	\$56,731	\$29,127	\$129,889
Accrued Wages and Benefits Payable	1,588,888	112,905	68,666	1,770,459
Intergovernmental Payable	263,628	19,401	32,013	315,042
Matured Compensated Absences Payable	51,728	13,457	0	65,185
Interfund Payable	0	0	162,336	162,336
Unearned Revenue	0	0	166,029	166,029
Contracts Payable	0	0	127,865	127,865
Retainage Payable	0	0	37,591	37,591
Total Liabilities	1,948,275	202,494	623,627	2,774,396
Deferred Inflows of Resources				
Property Taxes	6,724,952	0	878,306	7,603,258
Unavailable Revenue	1,000,366	346,734	409,864	1,756,964
Total Deferred Inflows of Resources	7,725,318	346,734	1,288,170	9,360,222
Fund Balances				
Nonspendable:				
Inventories	48,357	0	3,141	51,498
Prepaid Items	121,518	27,433	8,931	157,882
Unclaimed Monies	5,935	0	0	5,935
Restricted for:				
Capital Projects	0	0	5,032,795	5,032,795
Set Asides	45,566	0	0	45,566
Food Service Operations	0	0	268,122	268,122
Adult Education	0	3,775,326	0	3,775,326
District Managed Activities	0	0	118,705	118,705
Classroom Facilities Maintenance	0	0	5,196,811	5,196,811
Federal Grant Programs	0	0	9	9
State Grant Programs	0	0	5,083	5,083
Committed to:				
Capital Improvements	0	0	10,340,029	10,340,029
Severance Payments	1,001,016	0	0	1,001,016
Scholarships	0	0	68,341	68,341
Assigned to:				
Purchases on Order	114,314	0	0	114,314
Subsequent Year's Appropriations	4,391,920	0	0	4,391,920
Other Purposes	40,534	0	0	40,534
Unassigned (Deficit)	29,670,441	0	(2,105)	29,668,336
Total Fund Balances	35,439,601	3,802,759	21,039,862	60,282,222
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$45,113,194	\$4,351,987	\$22,951,659	\$72,416,840

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 June 30, 2023

Total Governmental Fund Balances		\$60,282,222
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		59,925,094
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
	Delinquent Property Taxes	1,058,180
	Intergovernmental Revenues	260,442
	Interest Revenue	58,032
	Tuition and Fees	362,271
	Charges for Services	12,212
	Miscellaneous	5,827
		1,756,964
Vacation benefits payable include amounts not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(183,341)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(13,931)
The net OPEB asset and net pension/OPEB liability are not due and payable in the current period and therefore the asset, liability, and related deferred inflows/outflows are not reported in governmental funds:		
	Net OPEB Asset	1,789,345
	Deferred Outflows - Pension	4,837,676
	Deferred Inflows - Pension	(2,186,853)
	Net Pension Liability	(19,611,232)
	Net OPEB Liability	(1,060,314)
	Deferred Outflows - OPEB	362,728
	Deferred Inflows - OPEB	(2,815,149)
		(18,683,799)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
	Financed Purchases Payable	(8,690,000)
	Compensated Absences	(757,107)
		(9,447,107)
Net Position of Governmental Activities		\$93,636,102

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$11,066,118	\$0	\$1,429,601	\$12,495,719
Payments in Lieu of Taxes	11,203	0	361	11,564
Intergovernmental	10,371,803	2,905,031	1,923,704	15,200,538
Investment Earnings	424,234	52,199	164,731	641,164
Tuition and Fees	124,638	1,788,085	0	1,912,723
Extracurricular Activities	11,751	0	107,795	119,546
Charges for Services	130,169	105,661	261,847	497,677
Rent	20	0	0	20
Gifts and Donations	2,000	0	5,696	7,696
Miscellaneous	49,591	225	0	49,816
Total Revenues	22,191,527	4,851,201	3,893,735	30,936,463
Expenditures				
Current:				
Instruction:				
Regular	3,061,778	0	0	3,061,778
Vocational	7,763,727	0	1,015,604	8,779,331
Adult/Continuing	393	3,342,281	337,987	3,680,661
Support Services:				
Pupils	1,225,794	0	283,674	1,509,468
Instructional Staff	729,627	479,661	103,842	1,313,130
Board of Education	71,952	0	0	71,952
Administration	1,764,606	0	37,540	1,802,146
Fiscal	854,809	90,584	38,406	983,799
Business	248,974	0	0	248,974
Operation and Maintenance of Plant	1,631,107	109,491	326,118	2,066,716
Pupil Transportation	243,471	0	0	243,471
Central	234,301	0	902	235,203
Operation of Non-Instructional Services:				
Food Service Operations	2,053	0	632,911	634,964
Other Non-Instructional Services	83,365	341,635	32,010	457,010
Extracurricular Activities	100,915	0	95,329	196,244
Capital Outlay	0	0	1,476,517	1,476,517
Debt Service:				
Principal Retirement	1,607	0	1,146,000	1,147,607
Interest	47	0	183,257	183,304
Total Expenditures	18,018,526	4,363,652	5,710,097	28,092,275
Excess of Revenues Over (Under) Expenditures	4,173,001	487,549	(1,816,362)	2,844,188
Other Financing Sources (Use)				
Proceeds from Sale of Capital Assets	69,624	0	0	69,624
Transfers In	0	0	1,000,000	1,000,000
Transfers Out	(1,000,000)	0	0	(1,000,000)
Total Other Financing Sources (Use)	(930,376)	0	1,000,000	69,624
Net Change in Fund Balances	3,242,625	487,549	(816,362)	2,913,812
Fund Balances Beginning of Year	32,196,976	3,315,210	21,856,224	57,368,410
Fund Balances End of Year	<u>\$35,439,601</u>	<u>\$3,802,759</u>	<u>\$21,039,862</u>	<u>\$60,282,222</u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
 Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		\$2,913,812
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:		
	Capital Asset Additions	2,288,358
	Current Year Depreciation	<u>(2,172,408)</u>
		115,950
Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of proceeds from the sale of capital assets and the loss on disposal of capital assets:		
	Gain (Loss) on Disposal of Capital Assets	54,721
	Proceeds from Sale of Capital Assets	<u>(69,624)</u>
		(14,903)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
	Property Taxes	(185,574)
	Intergovernmental Revenues	(63,665)
	Interest Revenue	25,391
	Tuition and Fees Revenues	(71,526)
	Charges for Services	12,212
	Miscellaneous Revenues	<u>5,827</u>
		(277,335)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement on net position.		1,147,607
In the statement of activities, interest is accrued on outstanding capital leases, whereas in governmental funds, an interest expenditure is reported when due.		1,837
Contractually required contributions are reported as expenditures in governmental funds, however, the statement of net position reports these amounts as deferred outflows:		
	Pension	1,834,258
	OPEB	<u>30,192</u>
		1,864,450
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:		
	Pension	(1,951,215)
	OPEB	<u>422,123</u>
		(1,529,092)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
	Compensated Absences	(5,680)
	Vacation Benefits	<u>5,633</u>
		(47)
Change in Net Position of Governmental Activities		<u><u>\$4,222,279</u></u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$10,359,351	\$10,359,351	\$10,631,535	\$272,184
Payments in Lieu of Taxes	7,634	7,634	11,203	3,569
Intergovernmental	10,012,979	10,012,979	10,370,412	357,433
Interest	200,339	200,339	649,940	449,601
Tuition and Fees	173,601	173,601	124,638	(48,963)
Rent	0	0	20	20
Gifts and Donations	2,000	2,000	2,000	0
Charges for Services	146,000	146,000	130,169	(15,831)
Extracurricular Activities	18,400	18,400	11,751	(6,649)
Miscellaneous	54,500	54,500	47,791	(6,709)
Total Revenues	20,974,804	20,974,804	21,979,459	1,004,655
Expenditures				
Current:				
Instruction:				
Regular	3,093,281	3,090,281	3,102,010	(11,729)
Vocational	8,834,406	8,891,859	7,991,680	900,179
Adult/Continuing	10,900	3,474	393	3,081
Support Services:				
Pupils	1,226,683	1,234,833	1,234,896	(63)
Instructional Staff	777,637	813,292	741,499	71,793
Board of Education	122,452	130,605	74,842	55,763
Administration	1,795,281	1,805,387	1,795,676	9,711
Fiscal	893,887	893,887	857,854	36,033
Business	330,149	330,149	281,281	48,868
Operation and Maintenance of Plant	2,309,559	2,301,559	1,681,398	620,161
Pupil Transportation	206,164	306,164	253,492	52,672
Central	260,595	259,940	243,652	16,288
Operation of Non-Instructional/Shared Services	83,425	83,425	83,374	51
Extracurricular Activities	121,331	121,331	104,412	16,919
Debt Service:				
Principal Retirement	1,607	1,607	1,607	0
Interest and Fiscal Charges	47	47	47	0
Total Expenditures	20,067,404	20,267,840	18,448,113	1,819,727
Excess of Revenues Over Expenditures	907,400	706,964	3,531,346	2,824,382
Other Financing Source (Use)				
Proceeds from Sale of Capital Assets	70,000	70,000	69,624	(376)
Transfers Out	(1,422,000)	(1,221,564)	(1,100,000)	121,564
Total Other Financing Source (Use)	(1,352,000)	(1,151,564)	(1,030,376)	121,188
Net Change in Fund Balance	(444,600)	(444,600)	2,500,970	2,945,570
Fund Balance Beginning of Year	30,115,780	30,115,780	30,115,780	0
Prior Year Encumbrances Appropriated	243,222	243,222	243,222	0
Fund Balance End of Year	\$29,914,402	\$29,914,402	\$32,859,972	\$2,945,570

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Adult Education Special Revenue Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Intergovernmental	\$3,126,533	\$3,639,200	\$2,906,011	(\$733,189)
Interest	20,000	20,000	77,606	57,606
Tuition and Fees	3,678,166	3,678,166	1,786,237	(1,891,929)
Charges for Services	186,904	186,904	105,431	(81,473)
Miscellaneous	0	0	3,625	3,625
Total Revenues	<u>7,011,603</u>	<u>7,524,270</u>	<u>4,878,910</u>	<u>(2,645,360)</u>
Expenditures				
Current:				
Instruction:				
Adult/Continuing	3,768,133	3,688,243	3,458,233	230,010
Support Services:				
Instructional Staff	531,098	531,198	484,979	46,219
Fiscal	126,353	126,353	97,430	28,923
Operation and Maintenance of Plant	72,975	72,975	110,135	(37,160)
Operation of Non-Instructional/Shared Services	1,169,907	1,589,704	473,018	1,116,686
Capital Outlay	0	300,000	0	300,000
Total Expenditures	<u>5,668,466</u>	<u>6,308,473</u>	<u>4,623,795</u>	<u>1,684,678</u>
Excess of Revenues Over Expenditures	1,343,137	1,215,797	255,115	(960,682)
Other Financing Use				
Transfers Out	<u>(1,200,000)</u>	<u>(1,200,000)</u>	0	1,200,000
Net Change in Fund Balance	143,137	15,797	255,115	(239,318)
Fund Balance Beginning of Year	3,156,138	3,156,138	3,156,138	0
Prior Year Encumbrances Appropriated	<u>361,444</u>	<u>361,444</u>	<u>361,444</u>	0
Fund Balance End of Year	<u>\$3,660,719</u>	<u>\$3,533,379</u>	<u>\$3,772,697</u>	<u>(\$239,318)</u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2023

Assets	
Equity in Pooled Cash and Cash Equivalents	\$70,480
Investments in Segregated Accounts	<u>1,274,461</u>
Total Assets	<u>1,344,941</u>
Net Position	
Restricted for Individuals	<u><u>\$1,344,941</u></u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2023

Additions	
Interest	\$164,956
Deductions	
Payments for Scholarships to Individuals	<u>65,211</u>
Change in Net Position	99,745
Net Position Beginning of Year	<u>1,245,196</u>
Net Position End of Year	<u><u>\$1,344,941</u></u>

See accompanying notes to the basic financial statements

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Description of the Center and Reporting Entity

On April 12, 1965, the State of Ohio Board of Education approved the creation of the Muskingum Area Joint Vocational School District. In 1985, the School District name was changed to the Mid-East Ohio Vocational School District, and on August 11, 2003, the School District name was changed to the Mid-East Career and Technology Centers (Center). The Center is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school.

The Center includes thirteen member schools as follows: Caldwell Exempted Village School District, Cambridge City School District, Crooksville Exempted Village School District, East Guernsey Local School District, East Muskingum Local School District, Franklin Local School District, Maysville Local School District, Noble Local School District, Northern Local School District, Rolling Hills Local School District, Tri-Valley Local School District, West Muskingum Local School District, and Zanesville City School District. The Center is staffed by 82 classified employees and 114 certified teaching personnel who provide services to 1,099 students and other community members. The Center currently operates eleven instructional and administrative buildings on two campuses.

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

Reporting Entity

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Fund Accounting

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

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

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

Adult Education Special Revenue Fund The Adult Education Special Revenue Fund accounts for intergovernmental, interest, and tuition and fees revenues that are restricted to be used in connection with adult education classes.

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

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

Measurement Focus

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

Basis of Accounting

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

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

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

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

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Center, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the Center unavailable revenue includes delinquent property taxes, intergovernmental grants, accrued interest, tuition and fees, charges for services, and miscellaneous. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 18. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 15 and 16)

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

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

Cash, Cash Equivalents, and Investments

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

During fiscal year 2023, the Center's investments were limited to United States Treasury bills and notes, federal agency securities, municipal bonds, mutual funds, negotiable certificates of deposit, and STAR Ohio. Investments in United States Treasury bills and notes, municipal bonds, federal agency securities, and negotiable certificates of deposit are stated at fair value. Investments in mutual funds are stated at fair value based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants".

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Based upon Board policy, the Center distributes interest to the General Fund, the Adult Education, Fox Scholarship, Student Activities, and Food Service Special Revenue Funds, Permanent Improvement Levy and Permanent Improvement Capital Projects Funds, and the Private Purpose Trust Fund. Investment earnings credited to the General Fund during fiscal year 2023 amounted to \$424,234, which includes \$187,574 assigned from other Center funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense/expenditure is reported in the year in which services are consumed.

Inventory

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

Capital Assets

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

Compensated Absences

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

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Accrued Liabilities and Long-term Obligations

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

Pensions / Other Postemployment Benefits (OPEB)

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

Bond Premiums

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

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

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

Interfund Balances

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

Interfund Activity

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Restricted Assets

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

Fund Balance

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

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

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Center's Board of Education delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2024's appropriated budget.

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

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

Net Position

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

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

Extraordinary and Special Items

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

Estimates

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Budgetary Data

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

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

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

Note 3 - Change in Accounting Principles

For fiscal year 2023, the Center implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements; and GASB Statement No. 99, Omnibus 2022.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Center did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Center did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Center did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 4 - Accountability

At June 30, 2023, the Miscellaneous Federal Grant Special Revenue Fund had a deficit fund balance of \$2,105. This deficit is the result of the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash, unreported interest, and fair value adjustments for investments represent amounts received or adjusted to revenue but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statement.
5. Prepaid items are reported on the balance sheet (GAAP basis) but not on the budget basis.
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and are reported with the General Fund (GAAP basis).

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

	Net Change in Fund Balance	
	General	Adult Education
GAAP Basis	\$3,242,625	\$487,549
Net Adjustment for Revenue Accruals	(506,990)	(6,526)
Unreported Interest - Prior Year	(892)	(105)
Unreported Interest - Current Year	5,579	650
Fair Value for Investments - Prior Year	(650,455)	(76,786)
Fair Value for Investments - Current Year	947,507	110,476
Prepaid Items - Prior Year	118,790	26,743
Prepaid Items - Current Year	(121,518)	(27,433)
Net Adjustment for Expenditure Accruals	(288,856)	42,246
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(103,317)	0
Encumbrances	(141,503)	(301,699)
Budget Basis	\$2,500,970	\$255,115

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Mid-East Career and Technology Centers, Ohio
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For the Fiscal Year Ended June 30, 2023

Investments: As of June 30, 2023, the Center had the following investments:

Measurement/Investment	Measurement Amount	Maturity	S&P / Moody's Rating	Percent of Total Investments
Net Value Per Share				
STAR Ohio	\$5,292,775	Average 38.5 days	AAAm	N/A
Fair Value - Level 1 Inputs				
Money Market Mutual Funds	1,793,775	N/A	N/A	6.78%
Massachusetts Investors Trust - Open End Mutual Fund	1,274,461	N/A	N/A	4.82%
Total Level 1 Inputs	3,068,236			
Fair Value - Level 2 Inputs				
Federal Home Loan Mortgage Corporation Notes	2,866,353	09/01/2023-07/28/2027	AA+/Aaa	10.83%
Federal National Mortgage Association Notes	2,248,413	08/17/2023-12/23/2025	AA+/Aaa	8.49%
Federal Home Loan Bank Bonds	9,100,809	08/12/2022-11/26/2026	AA+/Aaa	34.38%
Federal Farm Credit Bank Notes	5,523,376	09/22/2023-02/23/2026	AA+/Aaa	20.87%
Negotiable Certificates of Deposit	9,319,342	08/25/2023-05/19/2028	N/A	35.21%
Municipal Bonds	1,243,323	12/04/2023-12/01/2024	AA/Aa2	4.70%
Commerical Paper	1,371,985	09/29/2023-03/26/2024	A1 / A1-	5.18%
US Treasury Bills/Notes	5,307,693	09/30/2023-01/31/2028	AA+/Aaa	20.05%
Total Level 2 Inputs	36,981,294			
Total	\$45,342,305			

The Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the Center's recurring fair value measurements as of June 30, 2023. The Money Market Mutual Funds and the Open End Mutual Fund are measured at fair value and are valued using quoted market prices (Level 1 inputs). The Center's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (level 2 inputs).

Interest Rate Risk

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

Mid-East Career and Technology Centers, Ohio
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Credit Risk

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

Concentration of Credit Risk

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the Center. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected in 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Mid-East Career and Technology Centers. The County Auditors periodically advance to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2023, was \$4,006,575 in the General Fund and \$512,678 was available in the Permanent Improvement Levy Capital Projects Fund. The amount available as an advance, and recognized as revenue at June 30, 2022, was \$3,571,992 in the General Fund and \$461,269 in the Permanent Improvement Levy Capital Projects Fund.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second- Half Collections		2023 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$3,587,505,143	71.50%	\$3,622,403,072	70.36%
Public Utility Personal	1,430,030,340	28.50%	1,526,038,700	29.64%
Total	\$5,017,535,483	100.00%	\$5,148,441,772	100.00%
Tax rate per \$1,000 of assessed valuation	\$3.55		\$3.55	

Note 8 - Tax Abatements

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

Overlapping Government	Fiscal Year 2023 Taxes Abated
Rolling Hills Local School District	\$22,412
Cambridge City School District	2,236
Zanesville City School District	2,188
Tri-Valley Local School District	18,023
East Muskingum Local School District	5,908
West Muskingum Local School District	1,249
	\$52,016

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

Note 9 - Receivables

Receivables at June 30, 2023, consisted of property taxes, accounts, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes and the classroom facilities grant, are expected to be collected within one year. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of \$1,058,180 may not be collected within one year.

Mid-East Career and Technology Centers, Ohio
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On October 1, 2009, the Center was awarded \$22,712,695 for renovations to buildings on two campuses under the State’s “Classroom Facilities Program”. Under this program, the Center entered into an agreement with the State of Ohio in which the State would pay for a portion of the estimated project costs. As part of the process, the Center maintained a fund into which a set amount of proceeds from a levy was receipted for facilities maintenance. On December 23, 2010, an amendment to this project was approved in the amount of \$3,233,631 due to a reassessment of the budget for the project. As of the end of the fiscal year 2023, the Center had received \$25,691,725 of the monies awarded under this program. The remaining amount of \$254,601 is recorded as a receivable and unavailable revenue on the balance sheet.

A summary of intergovernmental receivables follows:

	Amounts
ABLE Grant	\$54,533
Carl D. Perkins Secondary Grant	66,842
Carl D. Perkins Adult Grant	16,396
Governors Emergency Education Relief	16,845
Ohio School Facilities Grant	254,601
Miscellaneous State Grants	117,269
Foundation Adjustments	3,395
Miscellaneous Intergovernmental Receivables	11,893
Total	\$541,774

During fiscal year 2023, the Center received payments in lieu of taxes from Haliburton Energy Services, Incorporated, Fyda Freightliner, Incorporated, and Store It, LLC. These companies remit these payments to the county treasurer where they are distributed to the taxing subdivisions levying taxes in the subdivisions in which the property is located. As of June 30, 2023, there are no amounts that are currently being billed and the amount of revenue on the financial statements represent the final amounts received from tax year 2022.

Note 10 - Interfund Balances

At June 30, 2023, the General Fund reflects an interfund receivable in the amount of \$156,723. This amount is due from the Miscellaneous State Grants, Vocational Education Federal Grant, and Governors Emergency Education Relief Special Revenue Funds in the amounts of \$87,060, \$61,843, and \$7,820, respectively, on the governmental fund balance sheet.

At June 30, 2023, the General Fund reflects an interfund receivable in the amount of \$5,613. This amount is due from the Miscellaneous State Grants Special Revenue Fund. This transaction is the result of interfund loans used to provide cash flow resources until the receipt of grant monies.

Note 11 - Interfund Transfers

During fiscal year 2023, the Center transferred \$1,000,000 from the General Fund to the Capital Improvement Capital Projects Fund to accumulate a fund balance to be able to meet future capital improvement needs.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 12 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023
Nondepreciable Capital Assets				
Land	\$788,955	\$0	\$0	\$788,955
Construction in Progress	510,752	1,372,784	0	1,883,536
Total Nondepreciable Capital Assets	<u>1,299,707</u>	<u>1,372,784</u>	<u>0</u>	<u>2,672,491</u>
Depreciable Capital Assets				
Buildings and Improvements	70,829,994	131,438	0	70,961,432
Vehicles	1,445,103	221,346	(86,980)	1,579,469
Intangible Right to Use Lease - Equipment	7,803	0	(7,803)	0
Machinery, Equipment, Furniture and Fixtures	4,710,242	562,790	(154,687)	5,118,345
Total Depreciable Capital Assets	<u>76,993,142</u>	<u>915,574</u>	<u>(249,470)</u>	<u>77,659,246</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(14,800,416)	(1,767,619)	0	(16,568,035)
Vehicles	(969,063)	(97,600)	78,580	(988,083)
Intangible Right to Use Lease - Equipment	(1,300)	0	1,300	0
Machinery, Equipment, Furniture and Fixtures	(2,698,023)	(307,189)	154,687	(2,850,525)
Total Accumulated Depreciation	<u>(18,468,802)</u>	<u>(2,172,408) *</u>	<u>234,567</u>	<u>(20,406,643)</u>
Total Depreciable Capital Assets, Net	<u>58,524,340</u>	<u>(1,256,834)</u>	<u>(14,903)</u>	<u>57,252,603</u>
Governmental Activities Capital Assets, Net	<u>\$59,824,047</u>	<u>\$115,950</u>	<u>(\$14,903)</u>	<u>\$59,925,094</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$405,057
Vocational	1,132,550
Adult/Continuing	159,714
Support Services:	
Pupils	150,955
Instructional Staff	54,280
Administration	75,866
Fiscal	17,959
Business	7,601
Operation and Maintenance of Plant	88,559
Pupil Transportation	23,220
Central	14,811
Non-Instructional Services - Food Service Operations	41,836
Total Governmental Depreciation	<u>\$2,172,408</u>

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Risk Management

Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the Center contracted with the Netherlands Insurance Company and Indiana Insurance Company, through The Young Insurance Agency. Coverage is as follows:

Commercial Property	\$88,339,911	\$5,000 deductible
Commercial Umbrella	5,000,000	
Commercial General Liability:		
Per Occurrence	1,000,000	1,000 deductible
Aggregate Per Year	3,000,000	1,000 deductible
Commercial Crime Per Occurrence	100,000	500 deductible
Commercial Auto		
Liability	1,000,000	
Medical Expense	5,000	
Comprehensive	Actual Cash Value	1,000 deductible
Collision	Actual Cash Value	1,000 deductible
Uninsured Motorists	1,000,000	
Underinsured Motorists	1,000,000	

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

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

Workers' Compensation

For fiscal year 2023, the Center participated in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 18). The GRP is an alternative rating program to assist participants with controlling and reducing their workers' compensation premium. The program is designed to reward participants that are able to keep their claim costs below a predetermined amount. School districts join together as a group; however, each continues to pay their own individual premium to the State. At the end of each of the three evaluation periods, each school district has an opportunity to receive retrospective premium adjustments based on the combined performance of the group. The firm of Sedgwick Claims Management Services, Inc. provides administrative, cost control, and actuarial services to the GRP.

Note 14 - Other Employee Benefits

Compensated Absences

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

Insurance Benefits

The Center provides health insurance benefits through the Ohio School Benefits Cooperative, an insurance purchasing pool (see Note 18). The costs of health insurance premiums are \$2,167 for family coverage and \$866 for single coverage. The employees are responsible to pay \$325 for family coverage and \$130 for single coverage. The board pays the remainder of the monthly premium.

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

The Center provides dental insurance benefits to employees through Trustmark Health Benefits, Inc. The costs of dental insurance premiums are \$83 for both family and single coverage with the employee share being \$15.

Note 15 - Defined Benefit Pension Plans

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

Net Pension Liability / Net OPEB Liability (Assets)

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

The net pension/OPEB liability (asset) represents the School District'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.

Mid-East Career and Technology Centers, Ohio
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Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District 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, healthcare plan enrollees pay a portion of the healthcare costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year-ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$463,424 for fiscal year 2023. Of this amount, \$34,258 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on the final average salary multiplied by a percentage that varies based on years of service.

Effective August 1, 2015, the calculation is 2.2 percent of the final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an

Mid-East Career and Technology Centers, Ohio
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ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,370,834 for fiscal year 2023. Of this amount, \$186,077 is reported as an intergovernmental payable.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.078561600%	0.069104470%	
Prior Measurement Date	<u>0.082670600%</u>	<u>0.067790362%</u>	
Change in Proportionate Share	<u>-0.004109000%</u>	<u>0.001314108%</u>	
Proportionate Share of the Net Pension Liability	\$4,249,222	\$15,362,010	<u>Total</u> \$19,611,232
Pension Expense	\$229,285	\$1,721,930	\$1,951,215

At June 30, 2023, the School District 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	\$172,097	\$196,653	\$368,750
Changes of assumptions	41,928	1,838,371	1,880,299
Net difference between projected and actual earnings on pension plan investments	0	534,564	534,564
Changes in proportionate Share and difference between Career Center contributions and proportionate share of contributions	37,504	182,301	219,805
Career Center contributions subsequent to the measurement date	<u>463,424</u>	<u>1,370,834</u>	<u>1,834,258</u>
Total Deferred Outflows of Resources	<u>\$714,953</u>	<u>\$4,122,723</u>	<u>\$4,837,676</u>

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$27,895	\$58,764	\$86,659
Changes of assumptions	0	1,383,765	1,383,765
Net difference between projected and actual earnings on pension plan investments	148,279	0	148,279
Changes in Proportionate Share and Difference between Career Center contributions and proportionate share of contributions	<u>150,752</u>	<u>417,398</u>	<u>568,150</u>
Total Deferred Inflows of Resources	<u>\$326,926</u>	<u>\$1,859,927</u>	<u>\$2,186,853</u>

\$1,834,258 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	(\$21,449)	(\$27,581)	(\$49,030)
2025	(\$88,544)	(151,486)	(240,030)
2026	(211,818)	(486,928)	(698,746)
2027	<u>246,414</u>	<u>1,557,957</u>	<u>1,804,371</u>
Total	<u>(\$75,397)</u>	<u>\$891,962</u>	<u>\$816,565</u>

Actuarial Assumptions - SERS

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

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.

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

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Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,254,653	\$4,249,222	\$2,559,675

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$23,206,406	\$15,362,010	\$8,728,081

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2023, there are seven employees who have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 16 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund healthcare benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$30,192.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$30,192 for fiscal year 2023; all are reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year-ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.075520400%	0.069104470%	
Prior Measurement Date	<u>0.078556500%</u>	<u>0.067790362%</u>	
Change in Proportionate Share	<u>-0.003036100%</u>	<u>0.001314108%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$1,060,314	\$0	\$1,060,314
Net OPEB (Asset)	\$0	(\$1,789,345)	(\$1,789,345)
OPEB Expense	(\$103,229)	(\$318,894)	(\$422,123)

At June 30, 2023, the School District's 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	\$8,913	\$25,939	\$34,852
Changes of assumptions	168,657	76,220	244,877
Net difference between projected and actual earnings on OPEB plan investments	5,511	31,148	36,659
Changes in proportionate Share and difference between Career Center contributions and proportionate share of contributions	8,591	7,557	16,148
Career Center contributions subsequent to the measurement date	<u>30,192</u>	<u>0</u>	<u>30,192</u>
Total Deferred Outflows of Resources	<u>\$221,864</u>	<u>\$140,864</u>	<u>\$362,728</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$678,255	\$268,726	\$946,981
Changes of assumptions	435,267	1,268,817	1,704,084
Changes in Proportionate Share and Difference between Career Center contributions and proportionate share of contributions	<u>161,373</u>	<u>2,711</u>	<u>164,084</u>
Total Deferred Inflows of Resources	<u>\$1,274,895</u>	<u>\$1,540,254</u>	<u>\$2,815,149</u>

\$30,192 reported as deferred outflows of resources related to OPEB resulting from School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Mid-East Career and Technology Centers, Ohio
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Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2024	(\$244,050)	(\$406,840)	(\$650,890)
2025	(241,243)	(403,664)	(644,907)
2026	(209,789)	(191,444)	(401,233)
2027	(136,211)	(80,417)	(216,628)
2028	(94,656)	(104,935)	(199,591)
Thereafter	<u>(157,274)</u>	<u>(212,090)</u>	<u>(369,364)</u>
Total	<u>(\$1,083,223)</u>	<u>(\$1,399,390)</u>	<u>(\$2,482,613)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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.

Mid-East Career and Technology Centers, Ohio
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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions

Mid-East Career and Technology Centers, Ohio
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developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

Sensitivity of the School District'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 healthcare 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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). 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 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate:

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,316,926	\$1,060,314	\$853,159
	1% Decrease (6.00 % decreasing to 3.40%)	Trend Rate (7.00 % decreasing to 4.40%)	1% Increase (8.00 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$817,693	\$1,060,314	\$1,377,218

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District'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, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,654,202)	(\$1,789,345)	(\$1,905,106)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,855,986)	(\$1,789,345)	(\$729,972)

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Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 17 - Long-Term Obligations

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

	Amounts Outstanding 06/30/2022	Additions	Reductions	Amounts Outstanding 06/30/2023	Amounts Due within One Year
Governmental Activities:					
Financed Purchase Payable	\$9,836,000	\$0	(\$1,146,000)	\$8,690,000	\$1,169,000
Lease Payable	1,607	0	(1,607)	0	0
Net Pension Liability -					
STRS	8,667,606	6,694,404	0	15,362,010	0
SERS	3,050,305	1,198,917	0	4,249,222	0
Total Net Pension Liability	11,717,911	7,893,321	0	19,611,232	0
Net OPEB Liability -					
SERS	1,486,747	0	(426,433)	1,060,314	0
Compensated Absences	751,427	12,305	(6,625)	757,107	0
Total Governmental Activities Long-Term Liabilities	<u>\$23,793,692</u>	<u>\$7,905,626</u>	<u>(\$1,580,665)</u>	<u>\$30,118,653</u>	<u>\$1,169,000</u>

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

The following is a schedule of the future long-term payments as of June 30, 2023:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$1,169,000	\$161,300	\$1,330,300
2025	1,193,000	137,798	1,330,798
2026	1,216,000	113,828	1,329,828
2027	1,241,000	89,380	1,330,380
2028	1,265,000	64,446	1,329,446
2029-2030	2,606,000	52,118	2,658,118
Total	<u>\$8,690,000</u>	<u>\$618,870</u>	<u>\$9,308,870</u>

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

During fiscal year 2023, the Center paid off an outstanding agreement to lease a postage machine. Due to the implementation of GASB Statement 87, this lease had met the criteria of leases thus requiring it to be recorded by the Center as an Intangible Right to Use of Equipment.

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

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

The overall debt margin of the Center as of June 30, 2023, was \$454,046,430, with an unvoted debt margin of \$5,044,960.

Note 18 - Jointly Governed Organizations and Group Insurance Purchasing Pools

Jointly Governed Organizations

The ***Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA)*** was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district. The Board exercises total control over the operation of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2023, the amount paid to OMERESA from the Center was \$63,051 for technology, internet access, financial accounting services, and educational management information. The Jefferson County Education Service Center serves as fiscal agent. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency at 2023 Sunset Blvd., Steubenville, Ohio 43952.

The ***Coalition of Rural and Appalachian Schools (CORAS)*** is a jointly governed organization composed of 133 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of no more than nineteen members, not including ex-officio members. The Board shall include the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There shall be one elected member from each of the eight multi-county regions. The eight elected members shall appoint eight additional members, one from each multi-county region. A County Region must have a minimum of five active public school district members to qualify for an elected and an appointed member on the Board. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the Center and the Center does not maintain an equity interest in or financial responsibility for the Council. The Council exercises total control over the operation of CORAS including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. The

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Center's membership fee was \$325 for fiscal year 2023. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at McCracken Hall, Ohio University, Athens, Ohio 45701.

The ***Ohio Coalition for Equity and Adequacy of School Funding*** is a regional council of government established in January 1991. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a steering committee consisting of representatives from the membership group. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex-officio members. Each participant's control is limited to its representation on the committee. The steering committee exercises total control of the operation of the Coalition including budgeting, appropriating, contracting, and designating management. The Center's membership fee was \$477 for fiscal year 2023. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

The Center participates in the ***Metropolitan Educational Technology Association (META Solutions)***, a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The Board of Directors shall be the governing body of META. The Board of Directors shall consist of thirteen voting Directors, each a superintendent or business official representing a different Full Member of META. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2023, the Center made a payment of \$500 to META for services. Financial information may be obtained from 100 Executive Drive, Marion, Ohio 43302.

Group Insurance Purchasing Pools

Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Program (GRP), a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OASBO. The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The Center's enrollment fee was \$1,645 for calendar year 2023.

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

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

Note 19 - Contingencies

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2023.

School Foundation

School Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, ODE adjustments for fiscal year 2023 are finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the Center.

Litigation

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

Note 20 - Set-Asides

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

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

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve.

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

	Capital Improvements	Budget Stabilization
Set-aside restricted balance as of June 30, 2022	\$0	\$45,566
Current year offsets	(1,000,000)	0
Current year set-aside requirement	224,500	0
Qualifying disbursements	(229,218)	0
Total	(\$1,004,718)	\$45,566
Set-aside restricted balance as of June 30, 2023	\$0	\$45,566

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

Note 21 - Significant Commitments

Encumbrances

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

Governmental Funds	
General Fund	\$141,603
Adult Education Special Revenue Fund	301,699
Other Governmental Funds	516,600
Total All Funds	\$959,902

Contractual Commitment

As of June 30, 2023, the Center had the following contractual purchase commitments relating to a locally funded construction project, payable from the 2020 Construction Capital Projects Fund:

Contractors	Purchase Commitments	Amounts Paid as of 06/30/2023	Amounts Remaining on Contracts
Jarvis, Downing, and Emch Inc	\$1,914,982	\$1,883,536	\$31,446

Mid-East Career and Technology Centers, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2023, the Center received COVID-19 funding. The Center will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

	2023	2022	2021	2020
Center's Proportion of the Net Pension Liability	0.078561600%	0.082670600%	0.080082600%	0.078205500%
Center's Proportionate Share of the Net Pension Liability	\$4,249,222	\$3,050,305	\$5,296,831	\$4,679,172
Center's Covered Payroll	\$2,963,900	\$2,890,429	\$2,788,921	\$2,721,274
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.37%	105.53%	189.92%	171.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.078717500%	0.078838300%	0.075651800%	0.077012300%	0.079173000%	0.079173000%
\$4,508,297	\$4,710,414	\$5,537,013	\$4,394,397	\$4,006,901	\$4,708,164
\$2,628,741	\$2,561,507	\$2,403,836	\$2,282,214	\$2,478,740	\$2,047,137
171.50%	183.89%	230.34%	192.55%	161.65%	229.99%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

	2023	2022	2021	2020
Center's Proportion of the Net Pension Liability	0.069104470%	0.067790362%	0.070385130%	0.071022350%
Center's Proportionate Share of the Net Pension Liability	\$15,362,010	\$8,667,606	\$17,030,698	\$15,706,165
Center's Covered Payroll	\$9,085,100	\$8,613,907	\$8,493,593	\$8,353,571
Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	169.09%	100.62%	200.51%	188.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.069941370%	0.698252700%	0.069424180%	0.070087810%	0.072760650%	0.072760650%
\$15,378,536	\$16,587,142	\$23,238,367	\$19,370,221	\$17,697,908	\$21,081,632
\$8,028,050	\$7,737,250	\$7,372,950	\$7,274,393	\$7,396,029	\$7,710,177
191.56%	214.38%	315.18%	266.28%	239.29%	273.43%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

	2023	2022	2021	2020
Center's Proportion of the Net OPEB Liability	0.075520400%	0.078556500%	0.076144400%	0.075913800%
Center's Proportionate Share of the Net OPEB Liability	\$1,060,314	\$1,486,747	\$1,654,868	\$1,909,072
Center's Covered Payroll	\$2,963,900	\$2,890,429	\$2,788,921	\$2,721,274
Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.77%	51.44%	59.34%	70.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

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

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.077491400%	0.076735200%	0.074138400%
\$2,149,821	\$2,059,371	\$2,113,219
\$2,628,741	\$2,561,507	\$2,403,836
81.78%	80.40%	87.91%
13.57%	12.46%	11.49%

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

	2023	2022	2021	2020
Center's Proportion of the Net OPEB (Asset) Liability	0.069104470%	0.067790362%	0.070385130%	0.071022350%
Center's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,789,345)	(\$1,429,304)	(\$1,237,018)	(\$1,176,300)
Center's Covered Payroll	\$9,085,100	\$8,613,907	\$8,493,593	\$8,353,571
Center's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-19.70%	-16.59%	-14.56%	-14.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%

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

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.069941370%	0.069825270%	0.069424180%
(\$1,123,887)	\$2,724,325	\$3,712,823
\$8,028,050	\$7,737,250	\$7,372,950
-14.00%	35.21%	50.36%
176.00%	47.10%	37.30%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$463,424	\$414,946	\$404,660	\$390,449
Contributions in Relation to the Contractually Required Contribution	<u>(463,424)</u>	<u>(414,946)</u>	<u>(404,660)</u>	<u>(390,449)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Center Covered Payroll (1)	\$3,310,171	\$2,963,900	\$2,890,429	\$2,788,921
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$30,192	\$24,720	\$19,587	\$16,011
Contributions in Relation to the Contractually Required Contribution	<u>(30,192)</u>	<u>(24,720)</u>	<u>(19,587)</u>	<u>(16,011)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.91%</u>	<u>0.83%</u>	<u>0.68%</u>	<u>0.57%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.91%</u>	<u>14.83%</u>	<u>14.68%</u>	<u>14.57%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$367,372	\$354,880	\$358,611	\$336,537	\$300,796	\$343,553
<u>(367,372)</u>	<u>(354,880)</u>	<u>(358,611)</u>	<u>(336,537)</u>	<u>(300,796)</u>	<u>(343,553)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,721,274	\$2,628,741	\$2,561,507	\$2,403,836	\$2,282,214	\$2,478,740
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>
\$40,110	\$44,494	\$26,709	\$26,675	\$40,809	\$22,643
<u>(40,110)</u>	<u>(44,494)</u>	<u>(26,709)</u>	<u>(26,675)</u>	<u>(40,809)</u>	<u>(22,643)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.47%</u>	<u>1.69%</u>	<u>1.04%</u>	<u>1.11%</u>	<u>1.79%</u>	<u>0.91%</u>
<u>14.97%</u>	<u>15.19%</u>	<u>15.04%</u>	<u>15.11%</u>	<u>14.97%</u>	<u>14.77%</u>

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

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	\$1,370,834	\$1,271,914	\$1,205,947	\$1,189,103
Contributions in Relation to the Contractually Required Contribution	<u>(1,370,834)</u>	<u>(1,271,914)</u>	<u>(1,205,947)</u>	<u>(1,189,103)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Center Covered Payroll (1)	\$9,791,671	\$9,085,100	\$8,613,907	\$8,493,593
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Asset/Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$1,169,500	\$1,123,927	\$1,083,215	\$1,032,213	\$1,018,415	\$961,484
<u>(1,169,500)</u>	<u>(1,123,927)</u>	<u>(1,083,215)</u>	<u>(1,032,213)</u>	<u>(1,018,415)</u>	<u>(961,484)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,353,571	\$8,028,050	\$7,737,250	\$7,372,950	\$7,274,393	\$7,396,029
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$73,960
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(73,960)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Mid-East Career and Technology Centers, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

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

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

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

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

Changes in Assumptions - STRS

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

Mid-East Career and Technology Centers, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Changes in Benefit Term – STRS Pension

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient’s retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Mid-East Career and Technology Centers, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

Mid-East Career and Technology Centers, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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

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

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS OPEB

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

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

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

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

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

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass-Through Grantor Program / Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2022/2023	\$34,608
Cash Assistance:			
School Breakfast Program	10.553	2022/2023	44,123
National School Lunch Program	10.555	2022/2023	241,086
COVID - 19 National School Lunch Program	10.555	2022/2023	25,311
Cash Assistance Subtotal			<u>310,520</u>
Total Child Nutrition Cluster			345,128
Child Care and Adult Care Food Program	10.558	2022/2023	11,658
COVID-19 State P-EBT Administrative Costs Grant	10.649	2022/2023	628
Total U.S. Department of Agriculture			<u>357,414</u>
U.S. DEPARTMENT OF LABOR			
<i>Direct from United States Department of Labor:</i>			
Registered Apprenticeship	17.285	2023	<u>10,728</u>
Total U.S. Department of Labor			10,728
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Adult Education - Basic Grants to States	84.002	2022	21,718
	84.002	2023	<u>178,524</u>
Total Adult Education - Basic Grants to States			200,242
Career and Technical Education - Basic Grants to States	84.048	2022	81,587
	84.048	2023	<u>661,378</u>
Total Career and Technical Education - Basic Grants to States			742,965
COVID - 19 Governor's Emergency Education Relief Fund - GEER I and II	84.425C	2022	2,697
COVID - 19 Governor's Emergency Education Relief Fund - GEER II	84.425C	2023	<u>117,019</u>
Total COVID - 19 Governor's Emergency Education Relief Fund			119,716
American Rescue Plan - Homeless Children and Youth	84.425W	2023	379
<i>Direct from United States Department of Education:</i>			
COVID - 19 Higher Education Emergency Relief Fund - HEERF Student Aid Portion	84.425E	P425E202737	74,346
COVID - 19 Higher Education Emergency Relief Fund - HEERF Institutional Portion	84.425F	P425F201831	<u>235,229</u>
Total COVID - 19 Higher Education Emergency Relief Fund			309,575
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	2023	518,330
Federal Direct Student Loans	84.268	2023	<u>893,680</u>
Total Student Financial Assistance Cluster			<u>1,412,010</u>
Total U.S. Department of Education			<u>2,784,887</u>
Total Expenditures of Federal Awards			<u><u>\$3,153,029</u></u>

**MID-EAST CAREER AND TECHNOLOGY CENTERS
MUSKINGUM COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mid-East Career and Technology Centers (the Center) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position or changes in net position of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mid-East Career and Technology Centers, Muskingum County, (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 27, 2023



**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**

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Mid-East Career and Technology Centers', Muskingum County, (Center) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Mid-East Career and Technology Centers' major federal program for the year ended June 30, 2023. Mid-East Career and Technology Centers' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Mid-East Career and Technology Centers complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



BHM CPA Group, Inc.
Piketon, Ohio
December 27, 2023

**Mid-East Career and Technology Centers
Muskingum County**

Schedule of Findings
2 CFR § 200.515
June 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.515(a)?	No
(d)(1)(vii)	Major Programs (list):	Student Financial Assistance Cluster: ALN 84.063 and 84.268
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**Mid-East Career and Technology Centers
Muskingum County**

Schedule of Findings
2 CFR § 200.515
June 30, 2023

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

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

**Mid-East Career and Technology Centers
Muskingum County**

Summary Schedule of Prior Audit Findings
2 CFR 200.511(b)
June 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material weakness/noncompliance with 34 CFR 685.300(b)(5)	Corrective Action Taken and Finding is Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



MID-EAST CAREER AND TECHNOLOGY CENTERS

MUSKINGUM COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/9/2024

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

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