



OHIO AUDITOR OF STATE  
**KEITH FABER**





**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY  
JUNE 30, 2019**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Fiduciary Net Position	
Fiduciary Funds .....	21
Statement of Changes in Fiduciary Net Position	
Fiduciary Fund.....	22
Notes to the Basic Financial Statements.....	23
Required Supplementary Information:	
Schedule of the Career Center's Proportionate Share of the Net Pension Liability - School Employees Retirement System of Ohio.....	62
Schedule of the Career Center's Proportionate Share of the Net Pension Liability - State Teachers Retirement System of Ohio .....	64
Schedule of Career Center Pension Contributions – School Employees Retirement System of Ohio.....	66
Schedule of Career Center Pension Contributions – State Teachers Retirement System of Ohio.....	68
Schedule of the Career Center's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio .....	70

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY  
JUNE 30, 2019**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Schedule of the Career Center's Proportionate Share of the Net OPEB Liability/Asset – State Teachers Retirement System of Ohio .....	71
Schedule of Career Center OPEB Contributions – School Employees Retirement System of Ohio .....	72
Schedule of Career Center OPEB Contributions – State Teachers Retirement System of Ohio.....	73
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	74
Notes to the Required Supplementary Information .....	75
Schedule of Expenditures of Federal Awards .....	79
Notes to the Schedule of Expenditures of Federal Awards.....	80
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	81
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.....	83
Schedule of Findings.....	85
Prepared by Management:	
Summary Schedule of Prior Audit Findings .....	86



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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, Ohio (the Career Center), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, Ohio, as of June 30, 2019, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the Career Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Career Center's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

December 10, 2019

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

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

**Financial Highlights**

Key financial highlights for fiscal year 2019 are as follows:

- In total, net position of governmental activities increased \$2,681,688, which represents a 12.91% increase from fiscal year 2018.
- Governmental activities general revenues accounted for \$14,303,419 in revenue or 67.63% of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,845,985 in revenue or 32.37% of total revenues of \$21,149,404.
- The Career Center had \$18,467,716 in expenses related to governmental activities; only \$6,845,985 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,303,419 were adequate to provide for these programs.
- The Career Center's only major governmental fund is the general fund. The general fund had \$18,106,314 in revenues and \$17,296,702 in expenditures. The general fund's fund balance increased \$809,612 from \$9,752,311 to \$10,561,923.

**Using the Basic Financial Statements (BFS)**

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

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

**Reporting the Career Center as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the Career Center to provide programs and activities, the view of the Career Center as a whole looks at all financial transactions and asks the question, "How did the Career Center do financially during fiscal year 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

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

In the statement of net position and the statement of activities, the governmental activities include the Career Center's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, and food service operations.

The Career Center's statement of net position and statement of activities can be found on pages 15-16 of this report.

**Reporting the Career Center's Most Significant Funds**

*Fund Financial Statements*

The analysis of the Career Center's major governmental funds begins on page 12. Fund financial reports provide detailed information about the Career Center's major funds. The Career Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental fund is the general fund.

*Governmental Funds*

Most of the Career Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the Career Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-20 of this report.

**Reporting the Career Center's Fiduciary Responsibilities**

The Career Center is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The Career Center also acts in a trustee capacity as an agent for individuals and/or private organizations. This activity is presented as an agency fund. All of the Career Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 21-22. These activities are excluded from the Career Center's other financial statements because the assets cannot be utilized by the Career Center to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-59 of this report.

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Career Center's net pension liability and net OPEB liability/asset and general fund budgetary information. The required supplementary information can be found on pages 62-78 of this report

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

**The Career Center as a Whole**

The statement of net position provides the perspective of the Career Center as a whole. The following table provides a summary of the Career Center's net position at June 30, 2019 and 2018.

	<b>Net Position</b>	
	Governmental Activities 2019	Governmental Activities 2018
<b><u>Assets</u></b>		
Current and other assets	\$ 19,942,378	\$ 20,551,119
Net OPEB asset	1,221,108	-
Capital assets, net	<u>34,084,332</u>	<u>35,025,457</u>
Total assets	<u>55,247,818</u>	<u>55,576,576</u>
<b><u>Deferred outflows of resources</u></b>		
Pension	5,922,660	6,709,957
OPEB	<u>308,046</u>	<u>196,591</u>
Total deferred outflows of resources	<u>6,230,706</u>	<u>6,906,548</u>
<b><u>Liabilities</u></b>		
Current liabilities	1,768,211	1,729,387
Long-term liabilities:		
Due within one year	230,842	1,152,092
Due in more than one year:		
Net pension liability	21,670,653	22,640,144
Net OPEB liability	2,250,180	4,978,543
Other amounts	<u>2,463,415</u>	<u>2,557,687</u>
Long-term liabilities	<u>26,615,090</u>	<u>31,328,466</u>
Total liabilities	<u>28,383,301</u>	<u>33,057,853</u>
<b><u>Deferred inflows of resources</u></b>		
Other amounts	5,360,456	5,934,797
Pension	2,097,518	2,030,655
OPEB	<u>2,180,663</u>	<u>684,921</u>
Total deferred inflows of resources	<u>9,638,637</u>	<u>8,650,373</u>
<b><u>Net position</u></b>		
Net investment in capital assets	32,960,943	32,761,225
Restricted	1,516,510	2,366,032
Unrestricted (deficit)	<u>(11,020,867)</u>	<u>(14,352,359)</u>
Total net position	<u>\$ 23,456,586</u>	<u>\$ 20,774,898</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

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

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

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

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

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

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

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

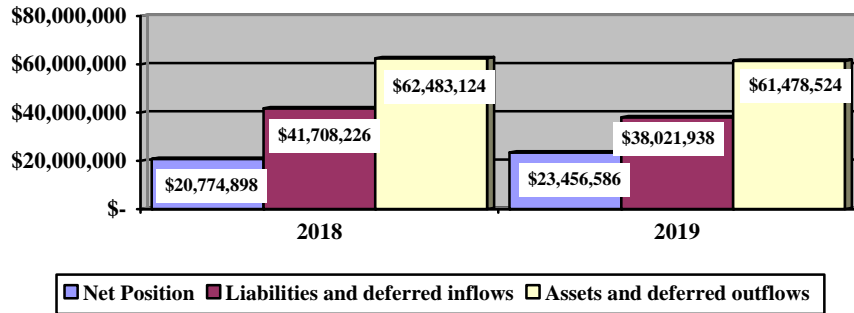
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2019, the Career Center's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$23,456,586.

At fiscal year end, capital assets represented 55.44% of total assets. Capital assets include land, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The Career Center's net investment in capital assets at June 30, 2019 was \$32,960,943. These capital assets are used to provide services to the students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$1,516,510, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$11,020,867.

The graph below illustrates the Career Center's assets and deferred outflows, liabilities and deferred inflows of resources, and net position at June 30, 2019 and June 30, 2018.

**Governmental Activities**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

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

**Change in Net Position**

	<u>Governmental Activities</u>	
	<u>2019</u>	<u>2018</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 2,338,822	\$ 2,066,123
Operating grants and contributions	4,507,163	4,787,747
General revenues:		
Property taxes	6,195,396	6,350,835
Grants and entitlements	7,684,865	7,721,191
Investment earnings	392,597	123,345
Miscellaneous	30,561	229,570
Total revenues	<u>21,149,404</u>	<u>21,278,811</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	1,775,405	821,494
Special	497,419	123,884
Vocational	7,814,531	4,774,581
Adult/continuing	766,192	332,300
Other	111,449	253,131
Support services:		
Pupil	1,795,327	875,582
Instructional staff	1,346,002	683,280
Board of education	46,241	44,878
Administration	731,695	403,647
Fiscal	548,110	312,344
Business	200,468	36,364
Operations and maintenance	1,745,928	1,502,459
Pupil transportation	68,173	68,518
Central	319,542	288,699
Operation of non-instructional services:		
Other non-instructional services	157,825	789,214
Food service operations	470,884	-
Extracurricular activities	43,991	34,805
Interest and fiscal charges	28,534	63,085
Total expenses	<u>18,467,716</u>	<u>11,408,265</u>
Change in net position	2,681,688	9,870,546
Net position at beginning of year	<u>20,774,898</u>	<u>10,904,352</u>
Net position at end of year	<u>\$ 23,456,586</u>	<u>\$ 20,774,898</u>

**Governmental Activities**

Net position of the Career Center's governmental activities increased \$2,681,688. Total governmental expenses of \$18,467,716 were offset by program revenues of \$6,845,985 and general revenues of \$14,303,419. Program revenues supported 37.07% of total governmental expenses.

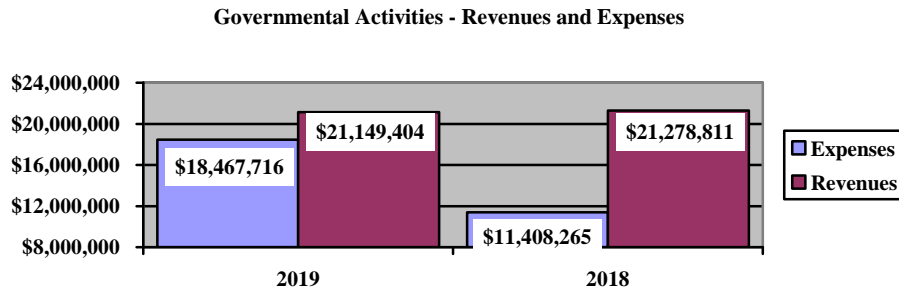
**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 65.63% of total governmental revenues. The decrease in property taxes is primarily due to the elimination for the need of the debt service levy related to the bonds that were paid off in early fiscal year 2019.

Overall, expenses of the governmental activities increased \$7,059,451 or 61.88%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment ("COLA") and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2018 and the subsequent expenses reported for fiscal year 2018 when compared to fiscal year 2017.

The graph below presents the Career Center's governmental activities revenues and expenses for fiscal years 2019 and 2018.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2019 and 2018. That is, it identifies the cost of these services supported by tax revenue, unrestricted State grants and entitlements, and other general revenues.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)**

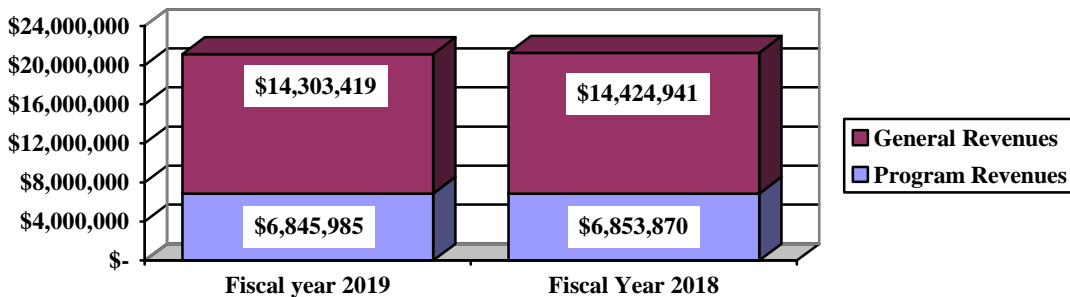
**Governmental Activities**

	Total Cost of Services <u>2019</u>	Net Cost of Services <u>2019</u>	Total Cost of Services <u>2018</u>	Net Cost of Services <u>2018</u>
<b>Program expenses:</b>				
<b>Instruction:</b>				
Regular	\$ 1,775,405	\$ 892,300	\$ 821,494	\$ 24,588
Special	497,419	486,339	123,884	123,884
Vocational	7,814,531	3,959,128	4,774,581	1,411,523
Adult/continuing	766,192	(8,161)	332,300	(671,890)
Other	111,449	111,449	253,131	214,462
<b>Support services:</b>				
Pupil	1,795,327	1,450,070	875,582	532,781
Instructional staff	1,346,002	1,321,064	683,280	654,439
Board of education	46,241	46,241	44,878	44,878
Administration	731,695	404,174	403,647	7,445
Fiscal	548,110	548,110	312,344	312,344
Business	200,468	200,468	36,364	36,364
Operations and maintenance	1,745,928	1,717,661	1,502,459	1,469,890
Pupil transportation	68,173	68,173	68,518	68,518
Central	319,542	223,199	288,699	198,623
<b>Operation of non-instructional services:</b>				
Other non-instructional services	157,825	123,185	789,214	29,757
Food service operations	470,884	5,806	-	-
Extracurricular activities	43,991	43,991	34,805	33,704
Interest and fiscal charges	28,534	28,534	63,085	63,085
<b>Total expenses</b>	<b>\$ 18,467,716</b>	<b>\$ 11,621,731</b>	<b>\$ 11,408,265</b>	<b>\$ 4,554,395</b>

The dependence upon taxes and other general revenues for governmental activities is apparent, as 49.62% of fiscal year 2019 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 62.93% in fiscal year 2019. The Career Center's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the Career Center's students.

The following graph presents the Career Center's governmental activities revenues for fiscal years 2019 and 2018.

**Governmental Activities - General and Program Revenues**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

**The Career Center's Funds**

The Career Center's governmental funds reported a combined fund balance of \$12,568,376, which is greater than last year's total balance of \$12,558,831. The table below indicates the fund balance and the total change in fund balance as of June 30, 2019 and June 30, 2018.

	Fund Balance <u>June 30, 2019</u>	Fund Balance <u>June 30, 2018</u>	<u>Change</u>
General	\$ 10,561,923	\$ 9,752,311	\$ 809,612
Nonmajor Governmental	<u>2,006,453</u>	<u>2,806,520</u>	<u>(800,067)</u>
Total	<u>\$ 12,568,376</u>	<u>\$ 12,558,831</u>	<u>\$ 9,545</u>

**General Fund**

The Career Center's general fund balance increased \$809,612.

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

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 5,646,809	\$ 5,703,636	\$ (56,827)	(1.00) %
Tuition	894,185	860,112	34,073	3.96 %
Earnings on investments	338,615	95,137	243,478	255.92 %
Intergovernmental	10,876,228	10,599,036	277,192	2.62 %
Other revenues	<u>350,477</u>	<u>221,744</u>	<u>128,733</u>	58.05 %
Total	<u>\$ 18,106,314</u>	<u>\$ 17,479,665</u>	<u>\$ 626,649</u>	3.59 %

Overall revenues of the general fund increased \$626,649 or 3.59%. Most of this increase can be attributable to an increase in earnings on investments, intergovernmental and other revenues. The increase in earnings on investments of \$243,478 is due to an increase in interest rates earned on the Career Center's investments compared to fiscal year 2018. The increase in intergovernmental is the result of an increase in special education and career tech education funding through the State's foundation program compared to fiscal year 2018. Other revenues increased due to the sale of a house that Career Center students had been building for class.



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

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

	<u>2019</u> <u>Amount</u>	<u>2018</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 10,720,348	\$ 10,445,941	\$ 274,407	2.63 %
Support services	6,156,002	6,146,144	9,858	0.16 %
Operation of non-instructional services	141,127	132,443	8,684	6.56 %
Extracurricular activities	43,243	38,528	4,715	12.24 %
Facilities acquisition and construction	66,812	1,412,838	(1,346,026)	(95.27) %
Debt service	169,170	179,700	(10,530)	(5.86) %
Total	<u>\$ 17,296,702</u>	<u>\$ 18,355,594</u>	<u>\$ (1,058,892)</u>	(5.77) %

Overall, general fund expenditures decreased \$1,058,892 or 5.77%. While most of the categories remained comparable to the previous year, the largest decrease was in the area of facilities acquisition and construction which decreased \$1,346,026 or 95.27%. This decrease is the result of the Career Center issuing debt in the amount of \$1.5 million in fiscal year 2018 and using it to build a vet tech classroom. The increase in instruction was the result of an increase in salaries and wages for teachers.

***General Fund Budgeting Highlights***

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

For the general fund, final budgeted revenues and other financing sources were \$18,146,549, which were \$207,621 less than original budgeted revenues and other financing sources of \$18,354,170. Actual revenues and other financing sources of \$18,146,549 were the same as the final budget.

General fund final appropriations (expenditures and other financing uses) of \$17,621,729 were \$1,434,561 less than original budgeted expenditures and other financing uses of \$19,056,290. Actual expenditures and other financing uses for fiscal year 2019 totaled \$17,621,729 were the same as the final budget.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2019, the Career Center had \$34,084,332 invested in land, buildings and improvements, furniture, fixtures, and equipment, and vehicles. The total amount was reported in governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019  
(UNAUDITED)

The following table shows June 30, 2019 balances compared to June 30, 2018.

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

	Governmental Activities	
	2019	2018
Land	\$ 1,361,300	\$ 1,390,960
Buildings and improvements	30,100,433	30,828,899
Furniture, fixtures, and equipment	2,339,937	2,516,917
Vehicles	282,662	288,681
Total	\$ 34,084,332	\$ 35,025,457

The overall decrease in capital assets is due to additions of \$423,490, depreciation expense of \$1,242,704 and disposals of \$121,911 (net of accumulated depreciation).

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

***Debt Administration***

At June 30, 2019, the Career Center had \$1,215,000 in general obligation bonds outstanding. Of this amount, \$140,000 is due within one year and \$1,075,000 is due in more than one year. The following table summarizes the long-term obligations outstanding at June 30, 2019 and June 30, 2018.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2019	2018
General obligation bonds	\$ 1,215,000	\$ 2,264,232

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

**Current Financial Related Activities**

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

**Contacting the Career Center's Financial Management**

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

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

STATEMENT OF NET POSITION  
JUNE 30, 2019

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 13,539,618
Receivables:	
Property taxes . . . . .	6,108,009
Accounts . . . . .	132,583
Accrued interest . . . . .	25,170
Intergovernmental . . . . .	77,649
Prepayments . . . . .	33,459
Materials and supplies inventory . . . . .	19,725
Inventory held for resale . . . . .	6,165
Net OPEB asset . . . . .	1,221,108
Capital assets:	
Nondepreciable capital assets . . . . .	1,361,300
Depreciable capital assets, net . . . . .	32,723,032
Capital assets, net . . . . .	34,084,332
Total assets . . . . .	55,247,818
 <b>Deferred outflows of resources:</b>	
Pension . . . . .	5,922,660
OPEB . . . . .	308,046
Total deferred outflows of resources . . . . .	6,230,706
 <b>Liabilities:</b>	
Accounts payable . . . . .	41,923
Accrued wages and benefits payable . . . . .	1,514,237
Intergovernmental payable . . . . .	23,316
Pension and postemployment benefits payable . . . . .	186,549
Accrued interest payable . . . . .	2,186
Long-term liabilities:	
Due within one year . . . . .	230,842
Due in more than one year:	
Net pension liability . . . . .	21,670,653
Net OPEB liability . . . . .	2,250,180
Other amounts due in more than one year . . . . .	2,463,415
Total liabilities . . . . .	28,383,301
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year . . . . .	5,360,456
Pension . . . . .	2,097,518
OPEB . . . . .	2,180,663
Total deferred inflows of resources . . . . .	9,638,637
 <b>Net position:</b>	
Net investment in capital assets . . . . .	32,960,943
Restricted for:	
Classroom facilities maintenance . . . . .	1,067,454
Debt service . . . . .	10,196
Locally funded programs . . . . .	56,186
State funded programs . . . . .	28,203
Federally funded programs . . . . .	39,045
Other purposes . . . . .	315,426
Unrestricted (deficit) . . . . .	(11,020,867)
Total net position . . . . .	\$ 23,456,586

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 1,775,405	\$ 883,105	\$ -	\$ (892,300)
Special . . . . .	497,419	11,080	-	(486,339)
Vocational . . . . .	7,814,531	281,734	3,573,669	(3,959,128)
Adult/continuing . . . . .	766,192	443,422	330,931	8,161
Other . . . . .	111,449	-	-	(111,449)
Support services:				
Pupil . . . . .	1,795,327	122,477	222,780	(1,450,070)
Instructional staff . . . . .	1,346,002	-	24,938	(1,321,064)
Board of education . . . . .	46,241	-	-	(46,241)
Administration . . . . .	731,695	213,094	114,427	(404,174)
Fiscal . . . . .	548,110	-	-	(548,110)
Business . . . . .	200,468	-	-	(200,468)
Operations and maintenance . . . . .	1,745,928	19,633	8,634	(1,717,661)
Pupil transportation . . . . .	68,173	-	-	(68,173)
Central . . . . .	319,542	63,227	33,116	(223,199)
Operation of non-instructional services:				
Other non-instructional services . . . . .	157,825	34,640	-	(123,185)
Food service operations . . . . .	470,884	266,410	198,668	(5,806)
Extracurricular activities . . . . .	43,991	-	-	(43,991)
Interest and fiscal charges . . . . .	28,534	-	-	(28,534)
<b>Total governmental activities . . . . .</b>	<b>\$ 18,467,716</b>	<b>\$ 2,338,822</b>	<b>\$ 4,507,163</b>	<b>(11,621,731)</b>
<b>General revenues:</b>				
Property taxes levied for:				
General purposes . . . . .				5,642,987
Debt service . . . . .				214,909
Classroom facilities maintenance . . . . .				337,500
Grants and entitlements not restricted to specific programs . . . . .				
Investment earnings . . . . .				7,684,865
Miscellaneous . . . . .				392,597
				30,561
<b>Total general revenues . . . . .</b>				<b>14,303,419</b>
<b>Change in net position . . . . .</b>				<b>2,681,688</b>
<b>Net position at beginning of year . . . . .</b>				<b>20,774,898</b>
<b>Net position at end of year . . . . .</b>				<b>\$ 23,456,586</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and investments . . . . .	\$ 11,543,591	\$ 1,996,027	\$ 13,539,618
Receivables:			
Property taxes . . . . .	6,108,009	-	6,108,009
Accounts . . . . .	907	131,676	132,583
Accrued interest . . . . .	25,170	-	25,170
Interfund loans . . . . .	35,837	-	35,837
Intergovernmental . . . . .	35,358	42,291	77,649
Prepayments . . . . .	30,562	2,897	33,459
Materials and supplies inventory . . . . .	19,434	291	19,725
Inventory held for resale . . . . .	-	6,165	6,165
Total assets . . . . .	<u>\$ 17,798,868</u>	<u>\$ 2,179,347</u>	<u>\$ 19,978,215</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 17,455	\$ 24,468	\$ 41,923
Accrued wages and benefits payable . . . . .	1,454,676	59,561	1,514,237
Compensated absences payable . . . . .	47,356	-	47,356
Intergovernmental payable . . . . .	22,702	614	23,316
Pension and postemployment benefits payable . . . . .	176,426	10,123	186,549
Interfund loans payable . . . . .	-	35,837	35,837
Total liabilities . . . . .	<u>1,718,615</u>	<u>130,603</u>	<u>1,849,218</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year . . . . .	5,360,456	-	5,360,456
Delinquent property tax revenue not available . . . . .	98,498	-	98,498
Intergovernmental revenue not available . . . . .	-	42,291	42,291
Accrued interest not available . . . . .	24,018	-	24,018
Miscellaneous revenue not available . . . . .	35,358	-	35,358
Total deferred inflows of resources . . . . .	<u>5,518,330</u>	<u>42,291</u>	<u>5,560,621</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory . . . . .	19,434	291	19,725
Prepays . . . . .	30,562	2,897	33,459
Unclaimed monies . . . . .	2,496	-	2,496
Restricted:			
Debt service . . . . .	-	10,196	10,196
Capital improvements . . . . .	91,611	-	91,611
Adult education . . . . .	-	352,626	352,626
Classroom facilities maintenance . . . . .	-	1,067,454	1,067,454
Adult full service grant . . . . .	-	25,000	25,000
Other purposes . . . . .	-	1,350	1,350
Adult scholarship . . . . .	-	1,379	1,379
Career enhancement . . . . .	-	56,186	56,186
Assigned:			
Student instruction . . . . .	42,319	-	42,319
Student and staff support . . . . .	29,067	-	29,067
Extracurricular activities . . . . .	1,302	-	1,302
Facilities acquisition and construction . . . . .	1,500	-	1,500
Subsequent year's appropriations . . . . .	1,548,979	-	1,548,979
Capital improvements . . . . .	-	535,283	535,283
Other purposes . . . . .	2	-	2
Unassigned (deficit) . . . . .	8,794,651	(46,209)	8,748,442
Total fund balances . . . . .	<u>10,561,923</u>	<u>2,006,453</u>	<u>12,568,376</u>
Total liabilities, deferred inflows and fund balances . . . . .	<u>\$ 17,798,868</u>	<u>\$ 2,179,347</u>	<u>\$ 19,978,215</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

<b>Total governmental fund balances</b>		\$	12,568,376
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			34,084,332
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	98,498	
Accrued interest receivable		24,018	
Intergovernmental receivable		77,649	
Total			200,165
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(2,186)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		5,922,660	
Deferred inflows of resources - pension		(2,097,518)	
Net pension liability		(21,670,653)	
Total			(17,845,511)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		308,046	
Deferred inflows of resources - OPEB		(2,180,663)	
Net OPEB asset		1,221,108	
Net OPEB liability		(2,250,180)	
Total			(2,901,689)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(1,215,000)	
Compensated absences		(1,431,901)	
Total			(2,646,901)
<b>Net position of governmental activities</b>			<b>\$ 23,456,586</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 5,646,809	\$ 564,276	\$ 6,211,085
Tuition . . . . .	894,185	627,819	1,522,004
Earnings on investments . . . . .	338,615	39,217	377,832
Charges for services . . . . .	-	266,410	266,410
Extracurricular . . . . .	9,600	-	9,600
Classroom materials and fees . . . . .	64,804	230,467	295,271
Rental income . . . . .	3,542	25	3,567
Contributions and donations . . . . .	9,589	37,104	46,693
Contract services . . . . .	241,970	-	241,970
Other local revenues . . . . .	20,972	12,717	33,689
Intergovernmental - state . . . . .	10,876,228	521,919	11,398,147
Intergovernmental - federal . . . . .	-	838,112	838,112
Total revenues . . . . .	<u>18,106,314</u>	<u>3,138,066</u>	<u>21,244,380</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	1,996,245	-	1,996,245
Special . . . . .	557,659	-	557,659
Vocational . . . . .	8,024,440	335,003	8,359,443
Adult/continuing . . . . .	-	861,362	861,362
Other . . . . .	142,004	-	142,004
Support services:			
Pupil . . . . .	1,683,211	345,970	2,029,181
Instructional staff . . . . .	1,479,837	55,663	1,535,500
Board of education . . . . .	48,064	-	48,064
Administration . . . . .	472,108	338,637	810,745
Fiscal . . . . .	598,525	6,066	604,591
Business . . . . .	228,765	-	228,765
Operations and maintenance . . . . .	1,250,584	508,838	1,759,422
Pupil transportation . . . . .	137,822	-	137,822
Central . . . . .	257,086	96,395	353,481
Operation of non-instructional services:			
Other non-instructional services . . . . .	141,127	-	141,127
Food service operations . . . . .	-	475,577	475,577
Extracurricular activities . . . . .	43,243	-	43,243
Facilities acquisition and construction . . . . .	66,812	-	66,812
Debt service:			
Principal retirement . . . . .	140,000	900,000	1,040,000
Interest and fiscal charges . . . . .	29,170	14,622	43,792
Total expenditures . . . . .	<u>17,296,702</u>	<u>3,938,133</u>	<u>21,234,835</u>
Net change in fund balances . . . . .	809,612	(800,067)	9,545
<b>Fund balances at beginning of year . . . . .</b>	<u>9,752,311</u>	<u>2,806,520</u>	<u>12,558,831</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 10,561,923</u>	<u>\$ 2,006,453</u>	<u>\$ 12,568,376</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

<b>Net change in fund balances - total governmental funds</b>	\$	9,545
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 423,490	
Current year depreciation	(1,242,704)	
Total		(819,214)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(121,911)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(15,689)	
Earnings on investments	15,764	
Other	35,358	
Intergovernmental	(95,051)	
Total		(59,618)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,040,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in a change in interest being reported in the statement of activities:		
Change in accrued interest payable	6,026	
Amortization of bond premiums	9,232	
Total		15,258
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		1,807,829
OPEB		23,136
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/net OPEB liability/asset are reported as pension expense/OPEB expense in the statement of activities.		
Pension		(1,692,498)
OPEB		2,542,048
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(62,887)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>2,681,688</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2019

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 6,693	\$ 172,988
Total assets. . . . .	6,693	\$ 172,988
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 2,337
Other liabilities . . . . .	-	170,651
Total liabilities . . . . .	-	\$ 172,988
<b>Net position:</b>		
Held in trust for scholarships . . . . .	6,693	
Total net position. . . . .	\$ 6,693	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 136
Total additions . . . . .	136
Change in net position . . . . .	136
<b>Net position at beginning of year . . . . .</b>	<b>6,557</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 6,693</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 1 - DESCRIPTION OF THE CENTER**

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

The Career Center operates under a Board of Education consisting of eleven representatives who are members of the Boards of Education of the participating school districts. One member is appointed from each of the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following: Midwest Regional Educational Service Center, Piqua City Schools, Sidney City Schools, and Troy City Schools. The Board of Education is responsible for providing vocational job training to residents of the participating school districts. The Career Center is staffed by 61 classified employees and 113 certified employees who provide services to 895 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Western Ohio Computer Organization (WOCO)

The Career Center is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions of member school districts. Each of the governments of these school districts supports WOCO based upon a per-pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the Career Center does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a Board of Directors consisting of the Superintendents of the member school districts and the degree of control is limited to the representation on the Board of Directors. The Career Center paid WOCO \$78,688 for services provided during the fiscal year. Financial information can be obtained from the Director at 129 East Court Street, Sidney, Ohio 45365.

Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 200 school districts in 18 counties. The purpose of this purchasing cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any member district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the SOEPC. During this time, the withdrawing member district is liable for all member obligations. The Career Center paid the SOEPC \$2,562,984 for services provided during the fiscal year. To obtain financial information, write to the Director at Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Upper Valley and Buckeye OTC Consortium (UVBOTCC)

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

*INSURANCE PURCHASING POOLS*

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust

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

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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

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

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

*PROPRIETARY FUND*

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the Career Center. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the Career Center.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Career Center are included on the statement of net position.

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

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**D. Basis of Accounting**

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, see Notes 12 and 13 for deferred outflows of resources related the Career Center's net pension liability and net OPEB liability/asset, respectively.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

For the Career Center, see Notes 12 and 13 for deferred inflows of resources related to the Career Center's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Cash and Investments**

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

During fiscal year 2019, the Career Center invested in Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, negotiable certificates of deposit, commercial paper, U.S. government money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2019 amounted to \$338,615 which includes \$40,241 assigned from other Career Center funds.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

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

**F. Prepaid Items**

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Career Center maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Career Center does not possess infrastructure.

All reported capital assets except land 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:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Buildings and building improvements	75 years
Furniture, fixtures and equipment	8 - 20 years
Vehicles	10 - 12 years

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

The total liability for vacation leave and sick leave payments has been calculated using pay rates in effect at June 30, 2019 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**L. Fund Balances**

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**M. Net Position**

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

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

**N. Estimates**

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

**O. Unamortized Bond Premium and Discount**

On the government-wide financial statements, 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 bonds.

On the governmental fund financial statements, bond premiums are recognized in the current period.

**P. Interfund Activity**

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

**Q. Pensions/Other Postemployment Benefits (OPEB)**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

**R. Fair Value**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the Career Center.

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 1,115
Vocational education ehancement	1,853
Adult basic education	20,360
Vocational education	22,590

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**A. Cash on Hand**

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

**B. Deposits with Financial Institutions**

At June 30, 2019, the carrying amount of all Career Center deposits was \$3,087,418 and the bank balance of all Career Center deposits was \$3,314,838. All of the bank balance was covered by the FDIC.

**C. Investments**

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

Measurement/ <u>Investment type</u>	Measurement <u>value</u>	<u>Investment Maturities</u>			
		6 months or <u>less</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair value:</i>					
FFCB	\$ 717,137	\$ -	\$ -	\$ -	\$ 717,137
FHLMC	1,180,724	668,466	-	-	512,258
FNMA	1,632,969	274,401	979,952	-	378,616
Negotiable CDs	4,225,489	-	-	497,791	3,727,698
Commercial paper US Government money market	2,632,052 5,275	2,632,052 5,275	-	-	-
<i>Amortized cost:</i>					
STAR Ohio	237,135	237,135	-	-	-
	<u>\$ 10,630,781</u>	<u>\$ 3,817,329</u>	<u>\$ 979,952</u>	<u>\$ 497,791</u>	<u>\$ 5,335,709</u>

The weighted average of maturity of investments is 2.07 years.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 717,137	6.75
FHLMC	1,180,724	11.11
FNMA	1,632,969	15.36
Negotiable CDs	4,225,489	39.74
Commercial paper	2,632,052	24.76
U.S. Government money market fund	5,275	0.05
<i>Amortized Cost:</i>		
STAR Ohio	<u>237,135</u>	<u>2.23</u>
Total	<u>\$ 10,630,781</u>	<u>100.00</u>

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

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

<u>Cash and investments per note</u>	
Carry amount of deposits	\$ 3,087,418
Investments	10,630,781
Cash on hand	<u>1,100</u>
Total	<u>\$ 13,719,299</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 13,539,618
Private-purpose trust fund	6,693
Agency funds	<u>172,988</u>
Total	<u>\$ 13,719,299</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund loans receivable and payable consisted of the following at June 30, 2019, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 35,837</u>

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

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

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Career Center receives property taxes from Miami, Shelby, Logan, Auglaize and Darke Counties. The County Auditor periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount available as an advance at June 30, 2019 was \$649,055 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2018 was \$599,417 in the general fund and \$77,965 in the debt service fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

	2018 Second Half Collections		2019 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,404,981,190	96.56	\$ 2,439,154,850	96.38
Public utility personal	<u>85,553,440</u>	<u>3.44</u>	<u>91,563,980</u>	<u>3.62</u>
Total	<u>\$ 2,490,534,630</u>	<u>100.00</u>	<u>\$ 2,530,718,830</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$4.90		\$4.90	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2019 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 6,108,009
Accounts	132,583
Accrued interest	25,170
Intergovernmental	<u>77,649</u>
Total	<u>\$ 6,343,411</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2019, was as follows. \$77,432 of accumulated depreciation was reclassified between furniture, fixtures and equipment and vehicles at June 30, 2018 to conform to June 30, 2019's presentation.

	<u>Balance</u>		<u>Balance</u>
	<u>06/30/18</u>	<u>Additions</u>	<u>06/30/19</u>
	<u>06/30/18</u>	<u>Additions</u>	<u>Deductions</u>
<b>Governmental activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 1,390,960	\$ -	\$ (29,660)
Total capital assets, not being depreciated	<u>1,390,960</u>	<u>-</u>	<u>(29,660)</u>
<i>Capital assets, being depreciated:</i>			
Buildings and improvements	36,941,549	40,691	(13,984)
Furniture, fixtures and equipment	5,928,236	355,684	(747,207)
Vehicles	434,359	27,115	(65,013)
Total capital assets, being depreciated	<u>43,304,144</u>	<u>423,490</u>	<u>(826,204)</u>
<i>Less: accumulated depreciation:</i>			
Buildings and improvements	(6,112,650)	(755,173)	-
Furniture, fixtures and equipment	(3,411,319)	(454,397)	668,940
Vehicles	(145,678)	(33,134)	65,013
Total accumulated depreciation	<u>(9,669,647)</u>	<u>(1,242,704)</u>	<u>733,953</u>
Governmental activities capital assets, net	<u>\$ 35,025,457</u>	<u>\$ (819,214)</u>	<u>\$ (121,911)</u>

Depreciation expense was charged to governmental functions as follows:

Regular	\$ 110,977
Special	15,481
Vocational	696,849
Adult/continuing	41,322
Other	4,152
<u>Support services:</u>	
Pupil	59,224
Instructional staff	48,933
Board of education	1,305
Administration	42,325
Fiscal	17,316
Business	7,076
Operations and maintenance	116,805
Pupil transportation	19,747
Central	12,927
<u>Operation of non-instructional services:</u>	
Other non-instructional services	18,791
Food service operations	25,799
Extracurricular activities	<u>3,675</u>
Total depreciation expense	<u>\$ 1,242,704</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 9 - LONG-TERM OBLIGATIONS**

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Amounts Due in One Year
<b>Governmental Activities:</b>					
General obligation bonds:					
School facilities bonds	\$ 900,000	\$ -	\$ (900,000)	\$ -	\$ -
Unamortized bond premiums	9,232	-	(9,232)	-	-
Series 2017 bonds BB&T - direct borrowing	1,355,000	-	(140,000)	1,215,000	140,000
Total general obligation bonds	2,264,232	-	(1,049,232)	1,215,000	140,000
Net pension liability	22,640,144	122,030	(1,091,521)	21,670,653	-
Net OPEB liability	4,978,543	195,227	(2,923,590)	2,250,180	-
Compensated absences	1,445,547	181,360	(147,650)	1,479,257	90,842
Total liability	29,064,234	498,617	(4,162,761)	25,400,090	90,842
Total governmental activities long-term liabilities	<u>\$ 31,328,466</u>	<u>\$ 498,617</u>	<u>\$ (5,211,993)</u>	<u>\$ 26,615,090</u>	<u>\$ 230,842</u>

*School Facilities General Obligation Bonds - Series 2010:* On May 20, 2010, the Career Center issued \$7,285,000 in school facilities general obligation bonds. These serial bonds are not subject to prior redemption. The bonds bear interest at rates ranging from 2.00%-3.25%, with interest payments due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2018. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund). At June 30, 2019, there were no further obligations outstanding on this issuance.

*Series 2017 Bonds BB&T:* On July 27, 2017 the Career Center issued \$1,500,000 in Series 2017 general obligation bonds. The bond bears interest of 2.27% with interest payments due June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026. Principal and interest payments are made from the general fund. The bond issuance is considered a direct borrowing. Direct borrowings have terms negotiated directly between the Career Center and the lender and are not offered for public sale. At June 30, 2019, there were \$91,611 in unspent proceeds.

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

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2020	\$ 140,000	\$ 25,991	\$ 165,991
2021	145,000	22,757	167,757
2022	145,000	19,465	164,465
2023	150,000	16,117	166,117
2024	155,000	12,655	167,655
2025 - 2027	480,000	16,572	496,572
Total	<u>\$ 1,215,000</u>	<u>\$ 113,557</u>	<u>\$ 1,328,557</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

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

Net pension liability - See Note 12 for details.

Net OPEB liability/asset - See Note 13 for details.

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Career Center shall never exceed 9% of the total assessed valuation of the Career Center. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Career Center. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Career Center. The assessed valuation used in determining the Career Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Career Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2019, are a voted debt margin of \$226,559,891 and an unvoted debt margin of \$2,530,719.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers and administrators do not earn vacation time, with the exception of the Superintendent, Directors, and the Treasurer. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 1.25 days per month. Sick leave may be accumulated up to a maximum of 220 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation to a maximum of 52.5 days.

**B. Life Insurance**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 11 - RISK MANAGEMENT**

**A. Comprehensive**

The Career Center is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the Career Center contracted with the Britt Insurance Company of Illinois for property, fleet, stop-gap, employee benefits, and liability insurance. Settled claims have not exceeded this commercial coverage in the past three fiscal years. There have been no significant changes in coverage from the last fiscal year.

**B. Medical/Dental/Vision Insurance Benefits**

For fiscal year 2019, the Career Center participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust"), a public entity shared risk pool consisting of 55 school districts (See Note 2). The Career Center pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

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

**C. Workers' Compensation**

For fiscal year 2019, the Career Center participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Corvel Corporation provides administrative, cost control and actuarial services to the GRP.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The Career Center's contractually required contribution to SERS was \$413,938 for fiscal year 2019. Of this amount, \$17,046 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

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

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



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The Career Center's contractually required contribution to STRS was \$1,393,891 for fiscal year 2019. Of this amount, \$159,096 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the Career Center's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.08100330%	0.07493250%	
Proportion of the net pension liability current measurement date	<u>0.08663590%</u>	<u>0.07599164%</u>	
Change in proportionate share	<u>0.00563260%</u>	<u>0.00105914%</u>	
Proportionate share of the net pension liability	\$ 4,961,798	\$ 16,708,855	\$ 21,670,653
Pension expense	\$ 472,678	\$ 1,219,820	\$ 1,692,498

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 272,126	\$ 385,692	\$ 657,818
Changes of assumptions	112,049	2,961,125	3,073,174
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	187,951	195,888	383,839
Contributions subsequent to the measurement date	<u>413,938</u>	<u>1,393,891</u>	<u>1,807,829</u>
Total deferred outflows of resources	<u>\$ 986,064</u>	<u>\$ 4,936,596</u>	<u>\$ 5,922,660</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 109,119	\$ 109,119
Net difference between projected and actual earnings on pension plan investments	137,475	1,013,207	1,150,682
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>29,302</u>	<u>808,415</u>	<u>837,717</u>
Total deferred inflows of resources	<u>\$ 166,777</u>	<u>\$ 1,930,741</u>	<u>\$ 2,097,518</u>

\$1,807,829 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ 466,384	\$ 1,047,794	\$ 1,514,178
2021	143,959	725,295	869,254
2022	(162,831)	6,670	(156,161)
2023	<u>(42,163)</u>	<u>(167,795)</u>	<u>(209,958)</u>
Total	<u>\$ 405,349</u>	<u>\$ 1,611,964</u>	<u>\$ 2,017,313</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Career Center's proportionate share of the net pension liability	\$ 6,989,067	\$ 4,961,798	\$ 3,262,069

**Actuarial Assumptions - STRS**

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's proportionate share of the net pension liability	\$ 24,401,084	\$ 16,708,855	\$ 10,198,428

**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Plan Description - School Employees Retirement System (SERS)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2019, 0.5% of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2019, this amount was \$21,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2019, the Career Center's surcharge obligation was \$7,805.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Career Center's contractually required contribution to SERS was \$23,136 for fiscal year 2019. Of this amount, \$8,436 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2019, STRS did not allocate any employer contributions to post-employment health care.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.07657060%	0.07493250%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.08110890%</u>	<u>0.07599164%</u>	
Change in proportionate share	<u>0.00453830%</u>	<u>0.00105914%</u>	
Proportionate share of the net OPEB liability	\$ 2,250,180	\$ -	\$ 2,250,180
Proportionate share of the net OPEB asset	\$ -	\$ (1,221,108)	\$ (1,221,108)
OPEB expense	\$ 118,558	\$ (2,660,606)	\$ (2,542,048)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 36,731	\$ 142,627	\$ 179,358
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	67,810	37,742	105,552
Contributions subsequent to the measurement date	<u>23,136</u>	<u>-</u>	<u>23,136</u>
Total deferred outflows of resources	<u>\$ 127,677</u>	<u>\$ 180,369</u>	<u>\$ 308,046</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 71,145	\$ 71,145
Net difference between projected and actual earnings on pension plan investments	3,376	139,501	142,877
Changes of assumptions	202,163	1,663,856	1,866,019
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>8,902</u>	<u>91,720</u>	<u>100,622</u>
Total deferred inflows of resources	<u>\$ 214,441</u>	<u>\$ 1,966,222</u>	<u>\$ 2,180,663</u>

\$23,136 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2020	\$ (74,799)	\$ (322,126)	\$ (396,925)
2021	(55,625)	(322,126)	(377,751)
2022	5,100	(322,125)	(317,025)
2023	6,536	(290,444)	(283,908)
2024	6,303	(279,330)	(273,027)
Thereafter	<u>2,585</u>	<u>(249,702)</u>	<u>(247,117)</u>
Total	<u>\$ (109,900)</u>	<u>\$ (1,785,853)</u>	<u>\$ (1,895,753)</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

**Sensitivity of the Career Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.70%) and higher (4.70%) than the current discount rate (3.70%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.25% decreasing to 3.75%) and higher (8.25% decreasing to 5.75%) than the current rate.

	1% Decrease (2.70%)	Current Discount Rate (3.70%)	1% Increase (4.70%)
Career Center's proportionate share of the net OPEB liability	\$ 2,730,417	\$ 2,250,180	\$ 1,869,923
	1% Decrease (6.25 % decreasing to 3.75 %)	Current Trend Rate (7.25 % decreasing to 4.75 %)	1% Increase (8.25 % decreasing to 5.75 %)
Career Center's proportionate share of the net OPEB liability	\$ 1,815,482	\$ 2,250,180	\$ 2,825,798

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - STRS***

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

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

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

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

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

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

***Benefit Term Changes Since the Prior Measurement Date*** - The subsidy multiplier for non-Medicare benefit recipients was increased from 1.90% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Career Center's proportionate share of the net OPEB asset	\$ 1,046,604	\$ 1,221,108	\$ 1,367,770
		Current Trend Rate	1% Increase
Career Center's proportionate share of the net OPEB asset	\$ 1,359,491	\$ 1,221,108	\$ 1,080,569

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 14 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**C. Foundation Funding**

Career Center Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2018-2019 school year, Career Centers must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Career Center, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2019 Foundation funding for the Career Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Career.

**NOTE 15 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2018	\$ -
Current year set-aside requirement	228,557
Current year offsets	<u>(337,500)</u>
Total	<u>\$ (108,943)</u>
Balance carried forward to fiscal year 2020	<u>\$ -</u>
Set-aside balance June 30, 2019	<u>\$ -</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 15 - SET-ASIDES - (Continued)**

During fiscal year 2010, the Career Center issued \$7,285,000 in capital related school facilities general obligation bonds. During fiscal year 2018, the Career Center issued \$1,500,000 for a new construction project. The Career Center is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$8,427,669 at June 30, 2019.

**NOTE 16 - OTHER COMMITMENTS**

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 77,616
Nonmajor governmental funds	<u>5,971</u>
Total	<u>\$ 83,587</u>

**NOTE 17 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") and Enterprise Zone ("EZ") programs with the taxing districts of the Career Center. The CRA and EZ programs are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the Career Center, Miami County and Shelby County have entered into such an agreement. Under this agreement (using latest information available) the Career Center's property taxes were reduced by approximately \$79,097 and \$21,247, respectively. The Career Center is not receiving any amounts from this other government in association with the forgone property tax revenue.

**NOTE 18 - SUBSEQUENT EVENT**

On November 5, 2019, voters approved a permanent 1.5 mill operating levy for the Career Center.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
Career Center's proportion of the net pension liability	0.08663590%	0.08100330%	0.08171320%	0.08239890%
Career Center's proportionate share of the net pension liability	\$ 4,961,798	\$ 4,839,768	\$ 5,980,652	\$ 4,701,761
Career Center covered payroll	\$ 2,825,941	\$ 2,675,364	\$ 2,537,707	\$ 2,480,637
Career Center's proportionate share of the net pension liability as a percentage of its covered payroll	175.58%	180.90%	235.67%	189.54%
Plan fiduciary net position as a percentage of the total pension liability	71.36%	69.50%	62.98%	69.16%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.08307200%	0.08307200%
\$ 4,204,227	\$ 4,940,025
\$ 2,413,903	\$ 1,883,945
174.17%	262.22%
71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST SIX FISCAL YEARS			
	2019	2018	2017	2016
Career Center's proportion of the net pension liability	0.07599164%	0.07493250%	0.07733354%	0.07943705%
Career Center's proportionate share net pension liability	\$ 16,708,855	\$ 17,800,376	\$ 25,885,867	\$ 21,954,077
Career Center covered payroll	\$ 9,209,964	\$ 9,998,743	\$ 9,421,421	\$ 8,355,100
Career Center's proportionate share of net pension liability as a percentage of its covered payroll	181.42%	178.03%	274.76%	262.76%
Plan fiduciary net position as a percentage of the total pension liability	77.31%	75.30%	66.80%	72.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.08200887%	0.08200887%
\$ 19,947,395	\$ 23,761,207
\$ 8,379,046	\$ 9,279,715
238.06%	256.06%
74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 413,938	\$ 381,502	\$ 374,551	\$ 355,279
Contributions in relation to the contractually required contribution	<u>(413,938)</u>	<u>(381,502)</u>	<u>(374,551)</u>	<u>(355,279)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 3,066,207	\$ 2,825,941	\$ 2,675,364	\$ 2,537,707
Contributions as a percentage of covered payroll	13.50%	13.50%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 326,948	\$ 334,567	\$ 260,738	\$ 275,006	\$ 254,196	\$ 290,660
<u>(326,948)</u>	<u>(334,567)</u>	<u>(260,738)</u>	<u>(275,006)</u>	<u>(254,196)</u>	<u>(290,660)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,480,637	\$ 2,413,903	\$ 1,883,945	\$ 2,044,654	\$ 2,022,243	\$ 2,146,677
13.18%	13.86%	13.84%	13.45%	12.57%	13.54%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,393,891	\$ 1,289,395	\$ 1,399,824	\$ 1,318,999
Contributions in relation to the contractually required contribution	<u>(1,393,891)</u>	<u>(1,289,395)</u>	<u>(1,399,824)</u>	<u>(1,318,999)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 9,956,364	\$ 9,209,964	\$ 9,998,743	\$ 9,421,421
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,169,714	\$ 1,089,276	\$ 1,206,363	\$ 1,355,441	\$ 1,484,754	\$ 1,635,605
<u>(1,169,714)</u>	<u>(1,089,276)</u>	<u>(1,206,363)</u>	<u>(1,355,441)</u>	<u>(1,484,754)</u>	<u>(1,635,605)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,355,100	\$ 8,379,046	\$ 9,279,715	\$ 10,426,469	\$ 11,421,185	\$ 12,581,577
14.00%	13.00%	13.00%	13.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Career Center's proportion of the net OPEB liability	0.08110890%	0.07657060%	0.07723781%
Career Center's proportionate share net OPEB liability	\$ 2,250,180	\$ 2,054,953	\$ 2,201,563
Career Center covered payroll	\$ 2,825,941	\$ 2,675,364	\$ 2,537,707
Career Center's proportionate share of net OPEB liability as a percentage of its covered payroll	79.63%	76.81%	86.75%
Plan fiduciary net position as a percentage of the total OPEB liability	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Career Center's proportion of the net OPEB liability/asset	0.07599164%	0.07493250%	0.07733354%
Career Center's proportionate share net OPEB liability/(asset)	\$ (1,221,108)	\$ 2,923,590	\$ 4,135,818
Career Center covered payroll	\$ 9,209,964	\$ 9,998,743	\$ 9,421,421
Career Center's proportionate share of net OPEB liability/asset as a percentage of its covered payroll	13.26%	29.24%	43.90%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST FOUR FISCAL YEARS			
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 23,136	\$ 27,823	\$ 15,696	\$ 16,810
Contributions in relation to the contractually required contribution	<u>(23,136)</u>	<u>(27,823)</u>	<u>(15,696)</u>	<u>(16,810)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center covered payroll	\$ 3,066,207	\$ 2,825,941	\$ 2,675,364	\$ 2,537,707
Contributions as a percentage of covered payroll	0.75%	0.98%	0.59%	0.66%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST FOUR FISCAL YEARS			
	2019	2018	2017	2016
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Career Center covered payroll	\$ 9,956,364	\$ 9,209,964	\$ 9,998,743	\$ 9,421,421
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 6,046,394	\$ 5,934,671	\$ 5,934,671	\$ -
Tuition . . . . .	911,323	894,484	894,484	-
Earnings on investments . . . . .	236,530	232,159	232,159	-
Extracurricular . . . . .	19,781	9,600	9,600	-
Classroom materials and fees . . . . .	31,407	30,827	30,827	-
Rental income . . . . .	3,609	3,542	3,542	-
Contributions and donations . . . . .	8,241	8,089	8,089	-
Contract services . . . . .	3,566	3,500	3,500	-
Other local revenues . . . . .	12,287	12,060	12,060	-
Intergovernmental - state . . . . .	11,081,032	10,876,279	10,876,279	-
<b>Total revenues . . . . .</b>	<u>18,354,170</u>	<u>18,005,211</u>	<u>18,005,211</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	1,858,115	1,930,090	1,930,090	-
Special . . . . .	518,336	531,011	531,011	-
Vocational . . . . .	9,017,163	7,969,476	7,969,476	-
Other . . . . .	230,921	150,216	150,216	-
Support services:				
Pupil . . . . .	1,834,176	1,704,479	1,704,479	-
Instructional staff . . . . .	1,676,307	1,465,781	1,465,781	-
Board of education . . . . .	80,179	48,304	48,304	-
Administration . . . . .	685,779	587,990	587,990	-
Fiscal . . . . .	735,046	598,339	598,339	-
Business . . . . .	182,844	230,829	230,829	-
Operations and maintenance . . . . .	1,341,580	1,258,388	1,258,388	-
Pupil transportation . . . . .	131,598	139,336	139,336	-
Central . . . . .	413,669	289,496	289,496	-
Other operation of non-instructional services . . . . .	50,851	38,548	38,548	-
Extracurricular activities . . . . .	42,778	45,338	45,338	-
Facilities acquisition and construction . . . . .	69,643	91,601	91,601	-
Debt service:				
Principal . . . . .	155,008	140,000	140,000	-
Interest and fiscal charges . . . . .	32,297	29,170	29,170	-
<b>Total expenditures . . . . .</b>	<u>19,056,290</u>	<u>17,248,392</u>	<u>17,248,392</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(702,120)</u>	<u>756,819</u>	<u>756,819</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	58,084	58,084	-
Transfers (out) . . . . .	-	(337,500)	(337,500)	-
Advances in . . . . .	-	63,543	63,543	-
Advances (out) . . . . .	-	(35,837)	(35,837)	-
Sale of capital assets . . . . .	-	19,711	19,711	-
<b>Total other financing sources (uses) . . . . .</b>	<u>-</u>	<u>(231,999)</u>	<u>(231,999)</u>	<u>-</u>
Net change in fund balance . . . . .	(702,120)	524,820	524,820	-
<b>Fund balance at beginning of year . . . . .</b>	10,254,376	10,254,376	10,254,376	-
<b>Prior year encumbrances appropriated . . . . .</b>	210,229	210,229	210,229	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 9,762,485</u>	<u>\$ 10,989,425</u>	<u>\$ 10,989,425</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 1 - BUDGETARY PROCESS**

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

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

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

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**NOTE 1 - BUDGETARY PROCESS - (Continued)**

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 524,820
Net adjustment for revenue accruals	(178,913)
Net adjustment for expenditure accruals	(28,111)
Net adjustment for other sources/uses	231,999
Funds budgeted elsewhere	169,524
Adjustment for encumbrances	90,293
GAAP basis	<u>\$ 809,612</u>

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

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

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

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



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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

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

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

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

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

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster :				
School Breakfast Program	10.553		29,317	
National School Lunch Program	10.555		137,702	18,274
Total Child Nutrition Cluster			167,019	18,274
Total U.S. Department of Agriculture			167,019	18,274
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Direct Award</i>				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063		208,548	
Federal Direct Student Loans	84.268		315,954	
Total Student Financial Assistance Cluster			524,502	
<i>Passed Through Ohio Department of Higher Education</i>				
Adult Education - Basic Grants to States	84.002		147,115	
<i>Passed Through Ohio Department of Education</i>				
Career and Technical Education - Basic Grants to States	84.048	94,845	443,185	
Total U.S. Department of Education		94,845	1,114,802	
<b>Total Expenditures of Federal Awards</b>		<b>\$94,845</b>	<b>\$1,281,821</b>	<b>\$18,274</b>

*The accompanying notes are an integral part of this schedule.*

**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Upper Valley Career Center (the Career Center) under programs of the federal government for the fiscal year ended June 30, 2019. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Career Center, it is not intended to and does not present the financial position or changes in net position of the Career Center.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

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

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

**NOTE E - CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

**NOTE G - MATCHING REQUIREMENTS**

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

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Upper Valley Career Center, Miami County, (the Career Center) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Career Center's basic financial statements and have issued our report thereon dated December 10, 2019.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 10, 2019

# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited Upper Valley Career Center's (the Career Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Upper Valley Career Center's major federal program for the fiscal year ended June 30, 2019. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Career Center's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, Upper Valley Career Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2019.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 10, 2019



**UPPER VALLEY CAREER CENTER  
MIAMI COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2019**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Student Financial Assistance Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



Nancy D. Luce, Ph.D., Superintendent  
 Anthony S. Fraley, Treasurer/CFO

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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
 2 CFR 200.511(b)  
 JUNE 30, 2019**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2018-001	Material Weakness – Adjusted and unadjusted financial statement errors related to various line items	Corrective Action Taken and Finding is Fully Corrected	
2018-002	Noncompliance / Finding for Recovery (FFR), Repaid Under Audit – Ohio Rev. Code § 117.28 – public monies illegally expended - FFR was issued for purchase of alcohol and was repaid under audit	Corrective Action Taken and Finding is Fully Corrected	

# OHIO AUDITOR OF STATE KEITH FABER



**UPPER VALLEY CAREER CENTER**

**MIAMI COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 31, 2019**